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China Leaders Face Tough Choices That May Threaten Party

By Patrick E. Tyler
New York Times Service

BEIJING — Under enormous pressure from the Clinton administration, China faces a series of decisions that could result in greater freedom of expression and guarantees of basic human rights that Chinese leaders have long considered a potential threat to the survival of Communist Party rule.

Already, there seems to be a new surge of democratic activity.

Late Wednesday, 11 dissidents daringly signed a two-page statement calling for the release of Qiu Yongmin, a young pamphleteer.

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dispatched by the Public Security Bureau last month for two years of hard labor. His crime was urging nonviolent political change in a "peace charter" written in November.

He joins thousands of others still imprisoned in China for the nonviolent expression of their political and religious beliefs. In his absence, his colleagues have vowed to continue speaking out.

Wei Jingsheng, China's most famous democracy campaigner, who emerged last fall from 14 years in prison, carried on a one-man free-speech movement this week by giving interviews to foreign journalists on democracy issues despite threats by the secret police to muzzle him.

These stirrings are expected to grow. The pressure to open the system up still further has come from President Bill Clinton's threat to cancel China's low-tariff access to the U.S. market unless Beijing makes "overall significant progress" in human rights, including freedom for significant numbers of political prisoners and Red Cross access to labor camps and detention centers.

The administration also wants China to loosen its emigration restrictions, stop jamming

foreign news broadcasts and come to terms with the long-simmering independence movement in Tibet.

Top officials, including President Jiang Zemin, have said China is "going to make an effort" this year to respond to Mr. Clinton's requirements.

If carried through, these decisions will disprove the conventional wisdom that China's leaders are paralyzed with indecision as they await the death of the senior leader, Deng Xiaoping.

It is too early to say whether China will expand on the initial steps it has taken or promised in recent meetings with Secretary of State Warren M. Christopher and other American officials.

But if China complies with the U.S. demands, the relaxation of freedoms could well reinvigorate the democracy movement that has been dormant in China since it last erupted in the spring of 1989, only to be crushed in Tiananmen Square.

Interviews with China scholars, Western diplomats and economists suggest that the next few months are critical to determining the future course of politics.

By threatening to force open China's closed and intolerant political system, Mr. Clinton has confronted the country's leaders with a dilemma.

Cancellation of China's favorable trade status could result in a painful setback for its remarkable economic expansion, although such a move would also hurt U.S. businesses that have been eager to invest in China.

But if China accepts the human-rights challenge, its Communist leaders may set themselves on a path to reform.

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A look at the ups and downs of four foreign companies doing business in China. Page 7.



Yasser Arafat and Shimon Peres approaching the podium at the World Economic Forum on Sunday to announce an accord was near.

Arafat Sees Israel-PLO Blueprint 'Very Soon'

Both Sides Are Upbeat After Talks in Davos on Carrying Out Peace Plan

By William Drozdiak
Washington Post Service

DAVOS, Switzerland — Yasser Arafat, the PLO chairman, said Sunday after marathon talks with Foreign Minister Shimon Peres of Israel that the two sides expected to achieve a detailed blueprint "very, very soon" on how to carry out their historic peace plan.

Following eight hours of tortuous negotiations at this Alpine ski resort, Mr. Peres and Mr. Arafat told a gathering of world business and political leaders that the negotiators hoped to reach a final accord soon. That agreement would clear the way for Israeli military withdrawal and putting into effect Palestinian self-rule in the Gaza Strip and in the West Bank town of Jericho.

As if to underscore the serious nature of their intentions, they quickly returned to their hotel with their delegations Sunday night in an effort to surmount the last obstacles. Participants said they were eager to wrap up the deal before Mr. Peres leaves Monday on a scheduled weeklong trip to the United States.

In their joint appearance at the World Economic Forum, the two men displayed a warmth and understanding that Israeli and Palestinian officials said had blossomed remarkably during their encounters last week in Oslo and now in Davos.

Here in the setting of Thomas Mann's novel, Mr. Peres said, "We both look out in the morning on the Magic Mountain, knowing we must also negotiate its slippery heights" represented by "the worries, suspicions, hatreds and blood of victims."

Mr. Peres praised Mr. Arafat for making "a supreme effort to bring our two peoples together in the domain of peace and hope." He said after decades of enmity, Israel was now determined to make the Palestinian story one of "good neighborhood, peace and hope for the coming generations."

Mr. Arafat surprised observers when he applauded as the U.S. undersecretary of state for economic affairs and agriculture, Joan Spero, called for Arab states to abandon their boycott of suppliers to Israel. She called the boycott "a remnant of the past." It was believed to be Mr. Arafat's first public gesture of support to rescind the embargo.

The Palestinian leader said he felt touched by what he perceived as a sincere desire by Mr. Peres to achieve "a lasting peace for the sake of our children and that of future generations." He expressed confidence that "we can overcome all the gaps" so that a final agreement could be signed in Cairo soon.

In the wake of a breakthrough pact on mutual recognition that was conceived during

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To Cool Inflation, Beijing Bans Building Projects

Compiled by Our Staff From Dispatches

BEIJING — China banned construction projects for a year as part of its escalating war on inflation, although it said it would allow transportation and telecommunications projects, the official press reported Sunday.

A statement issued by the State Council, China's cabinet, also ordered a freeze on loans to nonstate projects, the closure of projects without approved sources of funds and heavier guidance for foreign investors, said People's Daily, the party newspaper, said.

In order to prevent further expansion of construction scale, in principle there will be no new construction projects approved this year, the statement said.

Analysts said that would not stop building of railways, power stations and raw materials plants already approved in the state plan. But they say it could stem the building of electronics plants, hotels and retail complexes,

which have soaked up money and pushed basic facilities to the limits. Those projects, however, usually offer better returns on capital.

Late Sunday, in a report monitored in Hong Kong, the official Xinhua press agency said China would "continue to inject a large amount of funds in key transport and telecommunications construction projects."

Figures just made public by the State Statistical Bureau show the building boom continued unabated last year despite repeated attempts by Beijing to curb it.

Investment in fixed assets last year totaled \$136 billion, an astonishing 58 percent increase over 1992, with rises in the provinces of Zhejiang, Fujian, Guangdong, Guangxi and Hainan — all on the south and east coasts — double or nearly double the previous year.

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Hosokawa Victory: Still Long Way to Go

By Paul Blustein
Washington Post Service

TOKYO — Now that Japan has made its political system more democratic and less prone to corruption, it stands a better chance of making its economic system more open, consumer-driven and import-friendly, analysts say.

The approval on Saturday of sweeping anti-corruption and electoral reform measures, many analysts say, could mark an important step toward achieving the sorts of changes in Japanese economic policy that the United

States and some of Japan's other trading partners have been hoping for.

But the millennium is still a long way off. Fundamental change in Japan's economy will take many years, if it ever comes at all. In

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the near term, Tokyo may actually become a source of greater frustration than ever for the Clinton administration.

In the longer run, however, the political reforms are a helpful and probably necessary

precursor to major shifts in policy long sought by Washington in its efforts to increase Japanese imports of goods and services from abroad.

These shifts in policy include putting a higher priority on the interests of consumers, reducing bureaucratic interference and control, and lowering barriers and regulations that protect powerful industries and interests.

James Fallows, author of a recently published book on Japan, who has voiced deep skepticism in the past about the nation's capacity to transform itself, said enactment of the political reforms "can be regarded as a step forward for the U.S., both in its Jeffersonian model of wanting to promote democracy worldwide, and in the U.S. Special Trade Representative. What Mr. Fallows and others find most

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Kiosk

U.S. Will Admit Head of Sinn Fein

WASHINGTON (Reuters) — The United States has granted Gerry Adams, head of Sinn Fein, the political wing of the Irish Republican Army, permission to attend a New York conference this week on Northern Ireland, a Clinton administration official said Sunday.

The official said strict ground rules have

been laid down. He will be allowed to stay only 48 hours, may not travel more than 25 miles (40 kilometers) from New York City, and cannot engage in "direct or indirect fund-raising," the official said.

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Weather

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Bosnia Enclave In the Grip of 2d Cruel Winter

By John Pomfret
Washington Post Service

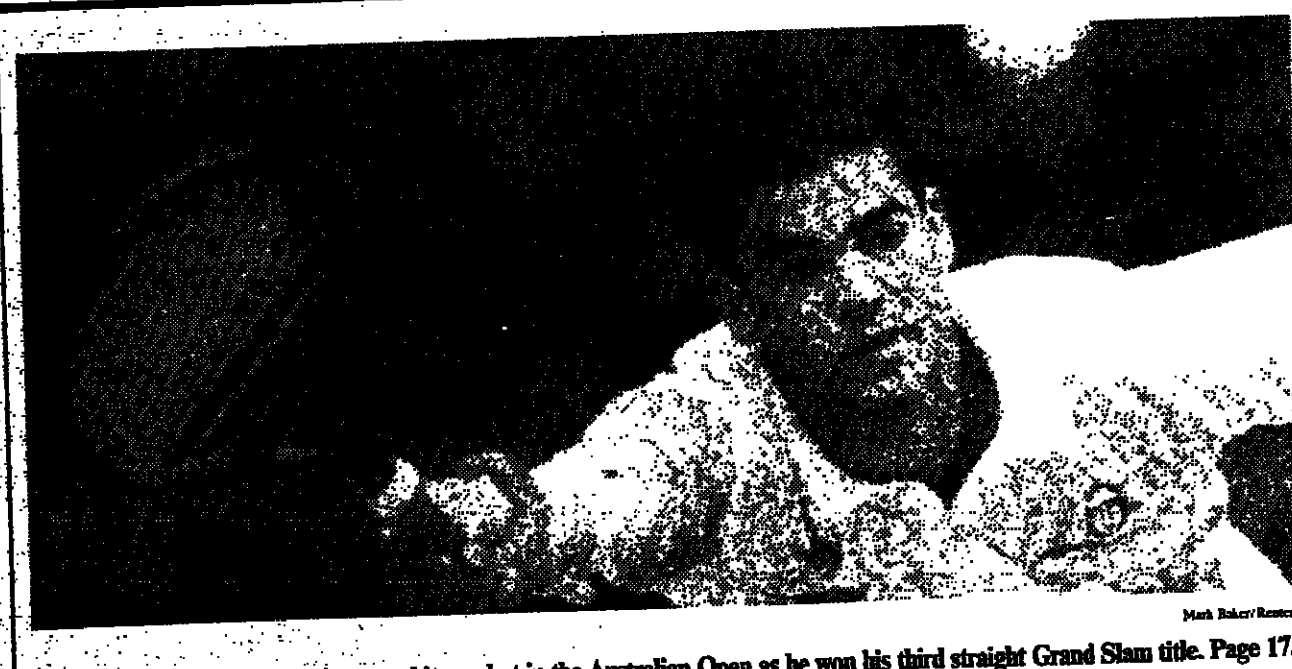
SREBRENICA, Bosnia-Herzegovina — Midway through their second winter of war, the people of this besieged enclave are a symbol of the cruel fate facing Muslims throughout Bosnia. Surrounded in a small pocket of their mountainous homeland by heavily armed Bosnian Serb fighters, the people of this shattered town pace the streets like caged animals.

In this mining town and about 60 square miles of wooded mountains around it, 44,000 people, mostly refugees, struggle to exist in what the United Nations has declared a "safe area." Cut off from the outside world by more than 2,500 Serbs, they are protected by about 150 Canadian infantrymen.

The intrusiveness of the Serbs and the mine of UN policy-making have trapped even the French Canadian soldiers. The United Nations has tried since November to persuade the Serbs to permit a company of Dutch reinforcements. Last week, the UN secretary-general, Boutros Boutros Ghali, signaled his readiness to authorize air strikes against the Serbs if they continue to block the transfer.

In the first visit here by journalists in more than three months, two Western reporters found Srebrenica living a wretched existence between war and peace. There is no offensive against the enclave, but on a typical day, about 100 shelling or shooting incidents break the cease-fire. Two weeks ago, nine Serbian shells

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SUNDAY BEST — Pete Sampras making a shot in the Australian Open as he won his third straight Grand Slam title. Page 17.

After Austrian's Downhill Death, Fiancé Faults Officials Over Safety

Compiled by Our Staff From Dispatches

GARMISCH-PARTENKIRCHEN, Germany — Ulrike Maier's fiancé strongly criticized ski officials Sunday for what he said were insufficient safety measures, and indicated that the family planned to sue for damages.

World Cup organizers, who defended their safety measures, said the accident that killed the Austrian skier could have happened on any downhill course in the world.

Maier, 26, the two-time women's super-giant slalom champion, swerved out of control, slammed into a timing device and broke her neck during a World Cup downhill race Saturday. She died in a nearby hospital two and a half hours later.

The state prosecutor opened an investigation Sunday into Maier's death and examined the scene of the crash.

Helmut Schweighofer, a policeman who had been Maier's long-time boyfriend, broke into tears when he visited the spot with his father

and the family lawyer. Schweighofer and Ulrike have a 4-year-old daughter, Melanie.

"We were planning to get married in September," Schweighofer said, "and now I have to carry her to her grave."

"It won't bring Ulrike back but I intend to fight FIS," he added, referring to the governing In-

ternational Ski Federation. "It may save another life."

"They only talk about improving safety but they never do anything," he said. "I can't understand that the timing post was padded only with straw."

Local organizers said the usual safety mea-

sures were in place and that they did not feel that they could be held responsible for Maier's death.

The timing device, which registered the intermediate times of the racers as they hurtled down the run, was padded with straw-filled sacks, about 50 centimeters thick, according to

the chief race referee, Kurt Hoch. He said those were "the normal safety measure."

"It could have happened at 50, 60 spots on any downhill in the world," said Hubert Ostler, head of the organizing committee.

He said that the inquiry, by the Munich state prosecutor, was routine in fatal accidents and that he expected the family to sue. "But we assume we cannot be held responsible for anything," he said.

Maier, a 10-year veteran of the World Cup circuit, was racing down the 2,865-meter Kandahar course at about 100 kph (60 mph) when she hit a patch of soft snow about two-thirds of the way down. She lost control of her right ski, hit the timing post with the back of her head, which knocked off her helmet, and tumbled uncontrollably down the hill, appearing to be hit by one of her skis that had snapped free.

Race emergency workers were quickly at her side. They administered mouth-to-mouth resus-

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9 Killed, 1 Missing in French Alpine Avalanches

Reuters

GRENOBLE, France — Nine people, five of them British doctors on vacation, were killed over the weekend in avalanches in the French Alps, officials said Sunday.

The Britons were in a group of seven, including a French ski instructor-guide, who were swept off a high ridge in the Val d'Isère area on Saturday, the police said. They had

gone for a daylong cross-country trek.

All in the group were killed except one Briton, who managed to dig himself out of the snow and was rescued after spending the night in the open, the police said.

In a separate accident, one man was killed and another was missing after their ski slope maintenance vehicles were swept into Lake Mont Cenis before dawn on Sunday.

Also killed in separate avalanches were a French ski instructor, near Courchevel, and a German skier, who died in a Chambéry hospital.

Mountain rescue authorities warned skiers to avoid high-altitude cross-country skiing, saying recent snow was too loose and further avalanches were possible.

Q & A: A Banker's Prescription for Europe and Japan

Thomas G. Labrecque, the chairman of Chase Manhattan Corporation, has been the driving force behind the restructuring of the bank, and an advocate of dramatic change by companies in Europe and Japan. He spoke with Alan Friedman of the International Herald Tribune at the World Economic Forum in Davos, Switzerland.

Q. The U.S. economy ended 1993 with a strong 5.7 percent growth rate in the fourth quarter, but continental Europe and Japan remain mired in recession. What are the essential steps needed to get the European and Japanese economies moving again?

A. Too many people in the developed world are looking at this recession as a normal economic cycle. It is not a normal cycle. It's a secular change. In the United States we achieved recovery over the last three years without any fiscal pumping, but with a gradual relaxation of monetary policy that was not inflationary. At the same time American companies engaged in dramatic restructuring to

become competitive again. I think Europe and Japan are facing the same challenges we did and will have to take similar steps.

Q. Here at the Davos conference we have heard different views about the need for Europe to cut interest rates faster. Hans Tietmeyer, the Bundesbank president, rejected the idea of any rapid easing of monetary policy. What is your view?

A. My sense is that Alan Greenspan and the Federal Reserve did a good job of lowering rates. I would be more inclined to let European interest rates come down further, with a downward glide path for short-term rates. There appears to be room for another hundred basis points of reductions, and it is important to keep moving.

Q. The Bundesbank in particular is worried about rekindling inflation by cutting rates too quickly. Is that a valid concern?

A. I am not concerned about the inflation problem. But I would point out that reducing interest rates is no good without contemporaneous corporate restructuring.

Q. How far ahead of Europe and Japan is the U.S. economic cycle?

A. I would say at least two years. In 1990 and 1991 every U.S. economic projection was that we were just about to come out of recession and move into recovery within two or three quarters. But it took two and a half years.

Q. What then are the lessons Europe can learn from the American experience?

A. Since the middle of 1990 we at Chase have reduced our work force by 25 percent and boosted revenues by 35 percent. Big American industrial companies have been cutting their staff numbers, too. We are talking about dramatic change here, about the need for less people at all levels, including middle and upper management. There is no way for Europe and Japan to avoid streamlining and dramatic corporate restructuring.

Q. Yet many in Europe contend there are more structural problems, and more social resistance to massive job cuts. How do you respond to this?

A. There certainly are differences in terms of the safety net and the historical structure in Europe. But the rest of the

world won't wait, and restructuring can't be done half way. The Europeans can be as innovative as anybody if they understand the need.

Q. Has that level of understanding been reached in Europe?

A. On balance I don't think the consensus has been reached. I still see people trying to find short-term solutions. There are still too many people who think they don't have to change. The companies that Europe has more structural problems may be true, but that doesn't change the reality. And the Europeans and Japanese don't always want to hear it. It's a difficult message.

Q. On Friday, BankAmerica Corporation agreed to buy Continental Bank of Chicago for \$1.9 billion. What is the significance of the deal?

A. What is going on is that the American financial services industry is continuing to evolve, to take out excess capacity. You're going to see more mergers, more acquisitions and more consolidation. The BankAmerica deal is an example of this process, although it will be done in three different ways. Some deals will result in

wholesale-oriented banks like J.P. Morgan, others will lead to national consumer finance companies, and then you will see the purely regional banks. The U.S. banking system is now competing with all aspects of financial services.

Q. Among the major topics of discussion here at Davos is the parlous state of the Russian economy. Citicorp, your competitor, recently opened a full branch operation in Moscow. What are Chase Manhattan's plans?

A. We have a branch license and we will convert our representative office to a full branch this spring. But I expect to grow slowly in Russia and mainly serve our American customers there, along with some project finance.

Q. Have political developments in Russia and the apparent setback in reform efforts given you reason for concern?

A. Anything that sets back movement toward a market economy and the drive to reduce Russian inflation hurts. We are trying very hard to convince the Russians to move faster toward a market economy, and I think we might get there.

WORLD BRIEFS

Atmosphere Tense in Crimea Vote

SIMFEROPOL, Ukraine (AP) — Voters in Crimea voted Sunday in presidential elections amid worries that a victory by a pro-Russian candidate could threaten Ukraine's unity.

The runoff election pits Yuri Meshkov, who is backed by political movements favoring unity with Russia, against a former Communist, Nikolai Bagrov, who wants the Black Sea peninsula to remain part of Ukraine. Crimea was historically part of Russia, and recent Western security studies have warned that ethnic tensions could lead to a collision between Ukraine and Russia.

Political leaders in Crimea, home to a potentially explosive mix of Russians, Ukrainians and Muslim Tatars, are also concerned about the consequences of Sunday's election. Mr. Meshkov won 38.5 percent of the vote in the first round elections earlier this month, while Mr. Bagrov won 17.5 percent. Neither received the 50 percent needed for victory.

Berlin Protesters Stone Policemen

BONN (Reuters) — Left-wing protests in Berlin turned violent while policemen in Bonn banned a far-right rally called to mark the 61st anniversary of Hitler's rise to power. The German police said on Sunday demonstrators took to the streets of Berlin over the weekend, throwing stones at policemen and smashing buildings with paint in a protest against Germany's resurgent far-right groups and death threats from right-wing radicals. A Berlin police spokesman said two police officers were hurt and four militant leftists were arrested on Saturday.

On Sunday, about 1,000 people answered a call from the reformed Communist PDS party, successor to East Germany's hard-line Communists, to protest against murder threats from neo-Nazi radicals against visitors to a reform office in a Berlin suburb.

Mandela Calls for Peaceful Campaign
RUSTENBURG, South Africa (Reuters) — Nelson Mandela urged his African National Congress followers on Sunday to allow President Frederik W. de Klerk and his National Party to campaign freely in black townships for the April elections.

"I appeal to you not to harass him or members of his organization if they want to have meetings in our townships," he said. "I don't want that party, when they lose the election, to say they were unable to put their view to the public because of the activities of the ANC." He was speaking to about 6,000 people at a campaign rally in Rustenburg, in the western Transvaal.

Several attempts by the National Party and the predominantly white liberal Democratic Party to hold township election meetings have been disrupted by angry youths. The hostilities prevented Mr. de Klerk from touring two black townships in the western Transvaal and western Cape recently.

Cambodians Hit Khmer Rouge Base
PHNOM PENH (Reuters) — The Cambodian Army has started a campaign to capture a key Khmer Rouge base at northern Anlong Veng, but so far fighting is on a small scale, Defense Minister General Tea Banh said Sunday.

"This is not a big military operation — it's just troop movement to reconnoiter the geography," General Tea Banh said. He said government military activity around Anlong Veng had increased since the middle of January, but declined to say how close government soldiers had approached to Anlong Veng.

Anlong Veng lies 310 kilometers (220 miles) northwest of Phnom Penh, and has served as the Khmer Rouge's key northern headquarters.

Japan Reported Near Nuclear Status
LONDON (AP) — Japan has acquired all the parts needed to make a nuclear weapon and may have built a bomb that requires only plutonium to be completed, The Sunday Times reported. The Ministry of Defense has warned Prime Minister John Major that North Korea's nuclear program may force Japan to abandon its nonnuclear stance, the newspaper said.

The risks were detailed in a paper to the Joint Intelligence Committee, the government's main security adviser to the cabinet. The Sunday Times said. Neither the Japanese nor the British government had any comment on the report. It says that Japan has bomb-making components including plutonium and electronic triggers "and has the expertise to go nuclear very quickly."

U.S. Troops Stir Anger in Colombia
BOGOTA (Reuters) — Americans living in Colombia fear that they could become targets for reprisal attacks by Marxist guerrillas lashing out against the presence of 150 U.S. troops in the country's southwest, Western diplomats say.

"Americans are very worried about the possibility of guerrilla attacks on U.S. targets over the troops issue," a diplomat said. The State Department warned Americans this week against traveling to Colombia. "Recent attacks have been targeted against American citizens and American institutions," it said.

The American soldiers arrived in Colombia in December on a training assignment to build a school, health clinic and road in the poor Pacific coast town of Juanchaco. But their arrival raised nationalist protest. Leftist politicians, union leaders and some newspapers have accused the Americans of planning covert actions against drug traffickers in Cali.

For the Record
Peter Leko of Hungary, 14, became the youngest chess grandmaster in history Sunday, finishing third in the elite Wijk aan Zee grandmasters tournament. (Reuters)

TRAVEL UPDATE

Snow Socks Greek Towns, Port Shut

ATHENS (AP) — Gale-force winds whipped through the Aegean Sea keeping ships in port on Sunday and snowstorms trapped scores of villages in northern Greece.

Winds reaching gale-force velocity in the Aegean forced ships to remain in port, leaving passengers on islands stranded. The cold weather caught many Greeks by surprise and sharply contrasted with the mild temperatures that Greece has been experiencing since November.

The snowstorms in the north left roads blocked to scores of villages. Extra snow removal equipment was sent to the areas. Many of Athens's northern suburbs were also blanketed with snow, making driving hazardous.

Paris's Georges Pompidou Center is in serious need of repairs, according to its director, Dominique Ady. She said that after 17 years and tens of thousands of visitors, it needs about \$68 million in repairs. (AP)

Greek motorists hold the European record for road deaths, newspapers reported Sunday in Athens. The death toll rose to 2,002 deaths last year, up from 1,760 deaths in 1992. In around 70 percent of accidents, motorists had broken the law, according to a police survey of the Athens region. (AFP)

Brunei's state-owned Royal Brunei Airlines has bought two Fokker-50 regional jets from the manufacturer to fly between Brunei and Malaysian and Philippine cities. (Reuters)

This Week's Holidays
Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

WEDNESDAY: Liechtenstein.
THURSDAY: Mozambique.
FRIDAY: Angola, Sri Lanka.
SATURDAY: Burundi, Mexico, Tanzania.

Sources: J.P. Morgan, Reuters.

U.S. Expedition in Somalia: The Making of a Disaster

By Rick Atkinson
Washington Post Service

MOGADISHU, Somalia — The beating blades swept in from the north, churning great dust clouds that soon obscured the whitewashed gleam of the Olympic Hotel, 50 yards down Hiwadig Street from the target building. American soldiers leaped to the ground and ran toward the side gate of the compound.

Ahmed Warsame had just finished his afternoon prayers when he heard the helicopters. The 44-year-old, Italian-educated economist scrambled to his feet and peered out the second-story window. The other Somalis in the room, all loyal followers of the fugitive Somali militia leader Mohammed Farrah Aidid, darted in panic toward the window and then down the

First of two articles.

stairs before being driven back by the approaching soldiers. It was 3:40 P.M. on Oct. 3.

Within 15 minutes, the assault was finished. A total of 20 Delta Force commandos in black body armor swept through the rooms, bellowing orders and shooting the Somalis together with their rifle bullets. A soldier forced Mr. Warsame face-down onto the green tile floor and lashed his hands behind his back with plastic cuffs. Frodded down the stairs, he was herded with 73 other captives into a courtyard.

A Delta soldier spoke the word "Laurie" into his radio, giving the code that indicated all prisoners were secured. The Americans were ready to leave.

Yet, as the world soon learned, it was far from over. An additional 15 hours would elapse before the Americans would reach safety. By that time, 18 American soldiers would be dead and more than 80 wounded in a ferocious firefight with General Aidid's forces. Somali casualties would exceed 1,000. The American public, hardly aware the country was at war, clamored for an explanation. President Bill Clinton soon abandoned the manhunt for General Aidid and announced the withdrawal of all U.S. forces by the end of March.

This two-part series tries to answer many of the lingering questions surrounding the flawed American expedition in Somalia, including the role of Delta Force, the successes and failures of U.S. intelligence in Mogadishu, and the fateful decisions on which so many lives hinged.

The articles also detail the Somali perspective: the strategic preparations by General Aidid's militia leaders and countermeasures to U.S. military tactics.

Close examination of the mission suggests that virtually all American commanders underestimated General Aidid's firepower.

The battle of Oct. 3 and 4 is a tale of miscalculation, bad luck and extraordinary personal valor by those in the fight. Those 15 hours contained the most intense combat by U.S. infantrymen since Vietnam, with consequences that immediately altered U.S. policy toward Somalia and are likely to shape American involvement in future foreign entanglements, either under a UN banner or otherwise.

Delta Force was alerted to begin preparations for a

Somalia mission shortly after an ambush on June 5 that left 24 Pakistani soldiers dead in Mogadishu, followed the next day by a UN Security Council resolution to apprehend "those responsible." On June 17, the UN operation in Somalia issued an arrest order for the chief suspect, General Aidid, who went into hiding.

The warning order to Delta Force, according to army sources, was routed to Major General William F. Garrison, commander of the Joint Special Operations Command at Fort Bragg, North Carolina, after consultations between General Wayne A. Downing, overall commander of U.S. special operations, and General Joseph P. Hoar, whose Central Command had responsibility for U.S. forces in Somalia.

Delta's initial plan, code-named "Caustic Brimstone," called for a relatively small force of 50 commandos to be deployed to Mogadishu on a single C-141 transport plane.

By August, in a plan code-named "Gothic Serpent," the proposed force included about 130 commandos from Delta's C Squadron, a Ranger company and 16 helicopters from Task Force 160, the army's special operations aviation unit. After four American soldiers were killed in Mogadishu by a commando-detached mine on Aug. 8, these 400 troops, collectively dubbed Task Force Ranger, were ordered to Somalia by Mr. Clinton. Delta's participation remained classified.

To track General Aidid, the Central Intelligence Agency had about 20 principal Somali agents operating in the city, along with a wide network of lesser informants, according to military sources.

Most of these agents seemed to work only during the day, however. Apparently afraid to venture into Mogadishu's dangerous streets after sunset, they rarely provided "actionable intelligence" at night, when Delta preferred to operate.

On Sept. 7, frustrated by the paucity of useful intelligence, General Garrison authorized Phase Three, broadening the hunt to include "Tier One targets" as General Aidid's six lieutenants were known.

Each mission was built around a basic "template": Delta commandos would storm the target building; Rangers would ring the target for security, and helicopters would loiter overhead to control crowds and provide fire as needed. Variations were adapted in an attempt to keep General Aidid's militia off-balance, such as launching some missions at night, while others went in daylight. Task Force Ranger frequently sent bogus "signature flights" from the airfield to mislead spies.

Such efforts tried to compensate for the loss of strategic surprise, usually Delta's most vital asset. Despite attempts to vary the missions, a pattern had been established before Oct. 3.

General Aidid's Somali National Alliance militia had been developing a template of its own. South Mogadishu had been carved into 18 military sectors, each with a duty officer on alert at all times. A crude radio network tied them together. Although UN intelligence estimated that General Aidid had approx-



A U.S. Army soldier saluting a colonel while leaving the country from the Mogadishu port on Sunday.

imately 1,000 militia "regulars," Aidid officials put the number at closer to 12,000. Hundreds of rocket-propelled grenades had been stockpiled.

The tactical commander who would oversee the Oct. 3 battle was a tall, mustachioed 45-year-old artillery officer who had commanded a brigade in the Somali army before throwing in his lot with General Aidid in 1991.

Colonel Sharif Hassan Giemale had finished high school in Mogadishu in 1969, attended a Soviet military academy in Odessa for three years and received further training in Italy in 1989.

His concept was simple: Task Force Ranger stressed speed, so the militia had to react more quickly. The Americans' greatest technological advantage — helicopters — had to be neutralized with barrage fire using rocket-propelled grenades. The attacking force must be surrounded and its superior firepower offset by sheer numbers and swarming persistence. Ambushes and barricades would try to impede American reinforcements.

At 1 P.M. on Oct. 3, a Somali agent reported that General Aidid's lieutenants would meet near the Olympic Hotel. The gathering would include two Tier One targets: Omar Salad Elmi and Mohamed Hassan Awale. Ranger planners began plotting the mission. A Hughes 530 reconnaissance helicopter crew watched with a telescopic lens as the agent indicated the target building with a prearranged signal. He stopped his car, left the door open, raised the hood, lowered the hood, then drove on.

Shortly before 3 P.M., Major General Thomas M. Montgomery, commander of U.S. forces in Mogadishu returned from a visit to western Somalia to find a

Task Force Ranger officer waiting at the UN compound with a book of aerial photographs and a description of the mission. "Bill," General Montgomery told General Garrison in a quick phone call to the airfield, "that's really Indian country. That's a bad place."

General Garrison knew that. For the first time, he had ordered his AH-6 Little Bird attack helicopters to carry rockets as well as machine-gun ammunition and to shoot threatening Somali gunmen rather than give them a chance to surrender.

At 3:40 P.M., four MH-6 Little Birds swooped into the streets around the building. As Delta troops rushed into the building, Rangers fast-ropeed from their UH-60 Black Hawks and established blocking positions around the compound's four corners.

Delta troops marshaled the Somali prisoners — including Mr. Awale, Mr. Salad Elmi and the terrified Ahmed Warsame — in the courtyard. Because the streets were too narrow to land the larger Black Hawks, the Americans and their captives, known collectively as "PC," for "precious cargo," would be extracted by a 12-vehicle convoy.

A Delta officer radioed the C Squadron commander, a lieutenant colonel, who was watching from a command-and-control helicopter overhead. "They, boss, I think we've got the guys you sent us in for."

But almost immediately another radio call sent a chill through those listening. From the cockpit of the Black Hawk designated Super 6-1 came a distress call from the pilot: "Six-One's going down! Six-One's going down!"

NEXT: The 15-hour battle

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Armenia Blast Wounds 2
The Associated Press
YEREVAN, Armenia — At least two people were wounded Saturday when a bomb exploded under a passenger train from Georgia — the second rail blast in a week in an area populated mainly by ethnic Azerbaijanis. Armenia and Azerbaijan have been at war for six years over Nagorno-Karabakh.

William Levitt Dies, Mass Home Builder

New York Times Service
NEW YORK — William Levitt, 86, the New York developer who built the prototype for the suburbs that would lure middle-class Americans out of cities by the millions after World War II, died of a progressive kidney disease Friday in Manhattan.

In 1947, he created Levittown, New York, where in the next four years, his firm, Levitt & Sons, built more than 17,000 cheap, nearly identical 800-square-foot houses, which sold for as little as \$7,990.

The community's houses were built much like cars on an assembly line. They were viewed by many as a modern marvel, a deliverance for GIs returning from war and other young adults who normally could not have afforded suburban homes.

To others, it was the insidious archetype of a dehumanizing world of uniformity. In Levittown's early years, some of its residents repainted their houses in odd color combinations to distinguish them from others in the neighborhood.

Still, Mr. Levitt was proud of his innovations, which allowed his

workmen to build as many as 36 houses a day on the design created by his brother, Alfred.

"What it amounted to was a reversal of the Detroit assembly line," he said in a 1989 interview. "There, the car moved while the workers stayed at their stations. In the case of our houses, it was the workers who moved, doing the same jobs at different locations. To the best of my knowledge, no one had ever done that before."

Mr. Levitt went on to other projects and to fabulous wealth. In 1968, he sold Levitt & Sons to International Telephone and Telegraph for \$92 million. He lost much of his wealth in the 1970s and 1980s in business deals gone sour.

Nonetheless, in 1985 Mr. Levitt and his father and brother, who were associated with him for much of his career, were named by a noted urban historian, Kenneth Jackson, the family that had the greatest impact on postwar housing in the United States.

The company was an innovator in the design and construction of relatively inexpensive single-family

houses. It made a mark in the layout of suburban communities, creating immense — and, some critics said, monotonous — patterns of houses. It developed quick and cost-efficient house-construction techniques, making much use of prefabricated components. And its building helped shape ways of living in the suburbs.

Reuben Datz, 81, Creator Of Hagen-Dazs Ice Cream
DEERFIELD BEACH, Florida (AFP) — Reuben Datz, 81, who sold ice cream from a horse-drawn wagon before creating the Hagen-Datz name that became an international success, died of a heart attack Thursday while vacationing here.

Mr. Datz sold homemade ice cream to small shops in the Bronx for 30 years before dreaming up the name Hagen-Datz. He figured New Yorkers would buy ice cream with an odd-sounding name. The name, which meant nothing in any language, grew into a national premium brand before Mr. Datz sold it to Pillsbury in 1983.

"When I came out with Hagen-

Datz, the quality of ice cream had deteriorated to the point where it was just sweet and cold," he said recently. "Ice cream had become cheaper and cheaper, so I just went the other way."

Bahjat Talhoumi of Jordan, 82, 8-Time Prime Minister
AMMAN, Jordan (AP) — Bahjat Talhoumi, 82, who served as prime minister eight times between 1958 and 1970 and was considered a founder of modern Jordan, died Sunday, the government said.

Prime Minister Abdul Salam Majali paid tribute to Mr. Talhoumi, who also served as chief of the royal court. At the time of his death he was a member of the upper house of parliament, appointed by King Hussein.

Zaireans Flee Troops
NAIROBI — More than 800 Zaireans have fled into western Uganda to escape attacks by rampaging government troops, Ugandan officials said Sunday.

OVERHEARD



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MCI

THE AMERICAS / PAINFUL LESSONS ON DEPLOYMENT

White House Toughens Criteria for Peacekeeping Role

By Eric Schmitt
New York Times Service

WASHINGTON — The Clinton administration has completed work on a policy to limit U.S. military involvement in international peacekeeping, according to senior administration officials.

The policy, which conditions a major foreign-policy debate, sets minimum conditions for financing peacekeeping and for sending troops to join international missions that are far tougher than those that President Bill Clinton and his aides had discussed earlier.

Before Washington agrees to take part in an international operation, the administration has to be satisfied that international security is threatened, that a major disaster requires urgent relief or that a gross violation of human rights has to be addressed.

Another condition would be whether other nations would be willing to share in supporting an operation.

American troops would take part only after those and other conditions had been met and, in most cases, solely under U.S. command.

The new guidelines, a product of a long review, are a sharp departure from the early days of the administration.

Before his election, Mr. Clinton had called for the creation of a small permanent "rapid deployment force" for UN missions.

But after the painful lessons of Somalia, Haiti and Bosnia in the last year and tempered by public opinion, Mr. Clinton has steadily pulled back from his campaign comments.

In recent months he has premised any U.S. military involvement in UN operations on an increasingly restrictive set of conditions, and the new policy reflects that.

The United States plans to pull out all remaining troops in Somalia by March 31. The administration has defined its role in Bosnia in increasingly narrow terms, basically to help carry out a NATO commitment to use air strikes if necessary to open the airport at Tuzla to relief flights and to protect Canadian troops when they leave Srebrenica, which is under siege by Serbia.

Washington could still agree to allow U.S. troops to serve under foreign commanders, as they do now under classic UN peacekeeping operations, but just case by case and when certain conditions are met.

"It's more likely that the larger and more complex the operation, the less likely that U.S. troops will be placed under UN command," an official said.

The main principles of the plan, known as a draft Presidential Decision Directive, have been largely in place since November. But high-level approval was delayed while Pentagon and State Department officials

quarreled about financial and political control of American involvement.

The agencies eventually agreed that if the United States contributed just financial aid or joined a classic peacekeeping operation, where troops monitor an agreement with the consent of all parties on the ground, the State Department would take the lead and foot the bills.

About 325 American troops now serve under UN command in Macedonia under such an arrangement.

The Pentagon would be politically and financially responsible for operations in which troops are permitted to use military might to enforce the peace like the U.S. effort in Somalia.

"The sticking point has been the funding issue, but all that is wrapped up now," a State Department official said. "After that it was just fine tuning to make it all work."

Senior administration officials said the policy was divided in these six sections:

- Guidelines for new UN operations and American involvement in them.
- The command and control of such operations.
- The roles of regional organizations.
- Steps to improve UN management of peacekeeping.

- The bureaucratic responsibilities for peacekeeping in the administration.
- Financing of the operations.

Once the administration determines that international security is seriously threatened or a disaster requires immediate aid, it would decide between two levels of involvement, helping to pay for a mission but not joining it or sending troops.

If the mission called for a traditional peacekeeping role like UN forces' monitoring a cease-fire, Washington would want to ensure that all sides agreed to the truce and that it was likely to hold.

If U.S. troops were part of an international army to impose peace on warring factions, the standards for participation would be much higher. Washington's security interests would have to be at stake, and American troops badly needed.

The United States would have to be satisfied that its troop contribution was sufficient to ensure the military effectiveness of the force. The operation would have to have broad support in Congress.

Washington would also require that estimates for the total numbers of troops, their cost and a plan to remove them be agreed to in advance of joining any mission. U.S. troops might serve under a foreign commander, but Washington would never surrender its ultimate authority.

★POLITICAL NOTES★

Simpler Taxes? Don't Hold Your Breath

NEW YORK — The overwhelming complexity of the tax system may be increasingly recognized in Congress, but specialists say simplification measures now on the table will probably be deferred as the proposed health care overhaul and the tax issues related to it fill the 1994 calendar.

A bill cleared by the House Ways and Means Committee last year and reintroduced this year would, among other things, simplify the treatment of large partnerships, subchapter S corporations and foreign taxes. This measure, sponsored by Dan Rostenkowski, Democrat of Illinois and the committee chairman, is one of those "in the mercy of larger forces," an aide said. But a failure of the bill to move along this year "should not be construed as an unfriendly attitude."

Still, the United States may ultimately be driven to an entirely different system. A tax on sales, or consumption, appears the leading candidate. Senators John C. Danforth, Republican of Missouri, and David L. Boren, Democrat of Oklahoma, are expected to introduce a proposal soon. It aims to eliminate the corporate income tax, cut payroll taxes and increase the standard deduction for individuals. It would also impose a single-rate levy on business activity. (NYT)

Not a Crisis, Dole Says, Just a Bad Problem

WASHINGTON — The nation's health care system has "serious problems" that need reform, but they do not qualify as a crisis, according to the Senate Republican leader, Bob Dole of Kansas.

"I think we're making too much over whether this is a crisis or a serious problem," Mr. Dole said. "We don't want to get into a fight over whether there is a problem or a crisis."

Mr. Dole recently joined a growing number of Republicans who have questioned President Bill Clinton's premise that the health care system is in crisis and needs major change.

But in an interview with Kansas radio reporters, the senator said he wanted to shift the focus of the debate away from the refusal of Republicans and some Democrats in Congress to use the word "crisis" when describing the health care system.

He said that Republicans believe there are deep-rooted problems of access to health insurance and cost that must be solved. "I think there's a universal feeling that we have to reform health care."

He nevertheless criticized Mr. Clinton's plan for prescribing "a massive overdose of government control," adding that it would raise taxes and reduce the quality of care. (LAT)

Either 'Buyouts' or Massive Federal Layoffs

WASHINGTON — At least four federal departments and agencies probably will have to lay off thousands of employees this year unless Congress approves "buyouts" to speed voluntary departures, according to government officials.

The Agriculture, Interior and Transportation departments, as well as the Office of Personnel Management, are the most at risk of layoffs, the officials said, primarily because of tight budgets this year.

The government still hopes to avoid such layoffs, but pressure to hold down payroll costs will continue into next year. The budget for fiscal year 1995, which is due Feb. 7, will require at least three more agencies to reduce personnel levels, said Christopher Edley, associate director of the Office of Management and Budget.

During the presidential campaign, Mr. Clinton pledged to cut the federal work force by 100,000 employees by the end of fiscal 1995. He said it would be accomplished through attrition or voluntary departures. The work force reduction goal was increased by 152,000 last year after Vice President Al Gore completed a six-month performance review of the government.

But attrition rates throughout the government have fallen to historic lows, partly because of the recent economic slump. In general, federal employees appear fearful of taking their chances in the private sector when a number of major corporations are laying off workers. (WFP)

Quote/Unquote

Alexander M. Haig, former secretary of state, on the government's policy in the former Yugoslavia: "When you make a threat and you do not do it, you lose tremendous credibility globally." (NYT)

Away From Politics

- The use of a high-powered laser to literally blast holes in the heart is providing new hope for patients with severe coronary artery disease, researchers said. San Francisco Heart Institute pioneered the technique for those who have had bypass surgery and have no other treatment options. The holes allow blood to enter capillaries in the heart muscle, providing oxygen and nutrients to tissues starved by blocked arteries. Pain was reduced in 91 percent of the 46 patients in a clinical trial, and mobility was increased in 76 percent of the cases.
- The Coast Guard brought ashore 56 Haitians seeking political asylum after intercepting their wooden boat off Miami Beach, a spokesman said. The Haitians were turned over to the U.S. Immigration and Naturalization Service and were expected to be detained pending a ruling on their asylum claims.
- A judge has ruled that China's population control strategy is political persecution. Specialists said the decision by Judge T. S. Ellis, 3d of U.S. District Court in Washington, in a political asylum case, could encourage a new wave of Chinese immigration and trigger more lawsuits for asylum.
- Two thirds of attacks against women are committed by someone they know, according to a Justice Department survey based on 400,000 interviews from 1987 to 1991. It also found that injuries were almost twice as likely to occur if the attacker had been a husband or boyfriend rather than a stranger. (LAT, Reuters, WFP)



Lyle Menendez smiling as a mistrial was declared. At left is his attorney, Michael Burt.

Retrial Is Vowed in Parents' Murder

By Seth Mydans
New York Times Service

LOS ANGELES — District Attorney Gil Garcetti intends to retry Lyle and Erik Menendez for the murder of their wealthy parents following a hopelessly divided jury that said it was unable to reach a verdict.

"We have an ethical, professional, moral responsibility to go forward with this case as a first-degree murder case," Mr. Garcetti said after the judge declared a mistrial. "This may cost \$1 million. We are seeking justice, and that is what we are going to do, and be damned with how much money it is going to cost."

Lawyers for both sides said the balance could tip toward the prosecution next time, with prosecutors fully aware of the defense strategy and defendants running out of money and emotional energy to make their case at a second trial.

The six-month trial of Lyle and Erik Menendez left unresolved a tangle of legal, emotional and moral questions.

The jury in the case of the older brother, Lyle, 26, deadlocked Friday, two weeks after a separate jury deadlocked in the case of Erik, 23.

Both sets of jurors agreed that a crime had been committed when the brothers shot and killed their parents, Jose and Kitty Menendez, as they watched television in their Beverly Hills home on Aug. 20, 1989. But both juries remained divided over whether that crime constituted murder.

The outcome was a qualified victory for the defense in a case in which the brothers admitted to the killings but claimed that they had acted in self-

defense after years of sexual and emotional abuse by their father. The prosecutors charged that the brothers killed their parents to inherit their \$14 million estate.

But the range of votes on both panels failed to answer the core question of whether or to what degree a history of child molestation can justify a verdict of first-degree murder in the most serious charge of first-degree murder in the shooting of his father, while five did so on Erik's jury. There were 12 on each panel.

Judge Stanley M. Weisberg of Superior Court scheduled a hearing for Feb. 28 at which he said he would schedule a new trial within two months of that date.

The brothers faced possible death sentences if convicted of first-degree murder. If found guilty of the least serious count, they could have been free because of the four years they have spent in jail awaiting trial. The deadlock meant that they would remain in jail.

Accounts by jurors on both panels and by lawyers who interviewed them on Friday indicated that the 19 days of deliberation by Erik's jury and the 25 days by Lyle's were emotional and, in Erik's panel, sometimes stormy.

The sex of the jurors played a significant role in the deliberations in Erik's case, lawyers for both sides and one alternate juror said, with five of the six men voting for first-degree murder and everyone else voting for lesser charges.

Kenneth Pearson, 44, the alternate juror, said "Most of the women felt he wasn't guilty. The men felt he was."

Must U.S. Offer Jobs to 2.3 Million?

By Jason DeParle
New York Times Service

WASHINGTON — President Bill Clinton's pledge to make welfare recipients work could require a much larger public jobs program than previously acknowledged, according to a confidential paper that is the subject of sharp dispute inside the administration.

A preliminary estimate prepared by the Department of Health and Human Services suggests that as many as 2.3 million people could be subject to the work requirements when the program is put into effect. To put them all to work would require three to four times the number of jobs the administration appears willing to create.

No one is contemplating a program that large and expensive, and several government officials said the computer projection greatly exaggerated the problem.

One official, giving what he called the first reliable estimates of the work program, said the government would ultimately need to create 500,000 to a million jobs, an undertaking that is itself virtually unparalleled in the last half-century.

But other analysts have called the estimate of 2.3 million a useful benchmark that illustrates the difficulty President Clinton faces as he struggles to fulfill a popular campaign pledge.

Mr. Clinton vowed last week to send Congress a bill this spring that would offer training opportunities for welfare recipients and require those still on the rolls after two years to join a work program. The government would either subsidize private jobs or provide community service positions in the public sector. The jobs would probably pay the minimum wage.

The president is under pressure to proceed with his welfare program, even though many in the administration fear that the move will bring a fractious congressional fight and may stall the debate over universal health care.

The paper suggesting the need for 2.3 million jobs has not circulated among most of the 32 members of the working group charged with drafting the welfare plan. It was discussed at a departmental meeting Jan. 14 and disclosed by an official who opposes the work program, arguing that it could cost a lot of money without helping poor people.

2 Brazil Hospitals Face Inquiry in Baby Deaths

RIO DE JANEIRO — Thirty-five newborn babies died during the last two months of infection contracted at two hospitals in São Paulo, a Brazilian newspaper reported Sunday.

The maternity wards at the hospitals were closed for investigations, the Rio daily O Globo said.

At times, what Ms. Reno's aides interpreted as an effort to respond to public concern has been viewed by lawyers at the department as caving in to political pressure.

In one instance, Ms. Reno and her civil rights aides spent months reviewing whether to pursue a federal civil rights investigation in the killing of a rabbinical student in the Crown Heights section of Brooklyn, during riots there in 1991.

On the day she planned to announce that the department was dropping the case, she agreed to reevaluate her position at the urging of local prosecutors and political leaders from New York.

Earlier this week, she announced that she was reversing her position again, and would convene a federal grand jury in the case. Her critics in the department said her twists and turns made her appear indecisive.

Ms. Reno's aides said her decision reflected an attempt to demonstrate that the government would make every effort to bring wrongdoers to justice.

Accusations of indecisiveness also trailed her decision to appoint an independent prosecutor to investigate the Whitewater case involving Mr. Clinton's Arkansas real estate dealings. Her decision led to the appointment of Robert Fiske Jr., a Republican who is a former U.S. attorney.

Her decision followed weeks in which she dismissed the idea of bringing in someone from outside to take over the Justice Department's investigation, saying that no one she named could be viewed as truly independent.

But she dropped her resistance after Mr. Clinton made the request. At least part of the aura of confusion stems from the continuing complaints about Ms. Reno at the White House.

Some Clinton aides criticized her frequent speeches emphasizing the social dimensions of crime when Mr. Clinton has tried to strike a tougher tone.

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AMERICAN TOPICS

Don't Resell Confiscated Guns, Mayors Urge, Melt Them Down

Four big-city mayors, contending that municipalities that sell confiscated guns could be making the U.S. crime problem worse, have urged their colleagues to sacrifice money from gun sales and melt the weapons down.

"It doesn't make sense for cities to be in the business of gunrunning," said the mayor of Phoenix, Paul Johnson. Joining him were Richard Daley of Chicago, Wellington Webb of Denver and Deedee Corradini of Salt Lake City.

Mayor Johnson said Phoenix reaped only about \$100,000 a year from reselling guns. "That meant to us maybe two additional police officers," he said. "Is it worth the offsetting factors?"

The four mayors were in Washington for the annual winter meeting of the U.S. Conference of Mayors. They said that many cities have gun meltdown programs, but the effectiveness is diluted when other government entities can come into city limits and sell weapons.

Earlier this month, the U.S. government announced it would no longer allow federal agencies to sell guns to private dealers.

About People

Spencer Crew, 45, is the first black to become director of the Smithsonian Institution's National Museum of American History. An urban historian, he has been a member of the museum staff for 13 years, and acting director for the past year. Mr. Crew has a bachelor's degree from Brown University and a master's and doctorate from Rutgers. The museum draws about 3.5 million visitors a year. Exhibits include First Ladies' inaugural gowns, Dorothy's ruby slippers from the film "The Wizard of Oz" and Duke Ellington's records.

Short Takes

"Going to federal prison for the first time?" says the classified newspaper ad. "We will tell you what to expect and how to survive. Our consultants are graduates of the federal prison system." Frank Sweeney, who placed the ad, has spent much of his life in prison for swindling, mail fraud and the like. He says he has had 27 clients since November; with standard fee \$200. Mr. Sweeney, 50, works with two fellow ex-convicts. Some tips: feign mental illness and get a private cell. Claim physical illness to get out of work; a cane helps. Ask to be put on a special health or religious diet, which is usually better than regular prison food.

New Jersey's "death-row dog" has been spared from execution by order of the new governor, Christie Whitman. But she ruled that Taro, a 5-year-old Akita, must spend the rest of his life outside the Garden State. Officials had been flooded with appeals for clemency, including one from the French actress Brigitte Bardot. Taro had either bitten or scratched the lower lip of her owners' 10-year-old niece. They argued that the girl had provoked him. Taro had been impounded since March 1991. Mrs. Whitman, in issuing her order, said: "This has been going on long enough. It's time to move on."

A reader asks Judith Martin, who writes the syndicated Miss Manners column, if one should answer the telephone when playing cards with invited friends, or leave it to the answering machine. The reply: "Why do you have an answering machine? Because you can't afford a butler, Miss Manners presumes. You certainly need something, however, to avoid leaving your guests sitting around a table holding their cards helplessly and exchanging exasperated looks while you chatter with someone who isn't even there."

Arthur Higbee



Taro finally got a reprieve after being held nearly three years.

... ..

BUSINESS

International Herald Tribune, Monday, January 31, 1994

Page 7

CAPITAL MARKETS

Canada and Australia Lead Investors' Paper Chase

By Carl Gewirtz
International Herald Tribune

PARIS — International bond investors have fared best so far this year placing their money in Canadian and Australian dollar paper. The J.P. Morgan government bond index shows local currency gains of 2.1 percent in Canada and 1.5 percent in Australia.

Spain and Denmark were next on the list, with the United States in fifth position for a gain of barely more than 1 percent. Japan is at the bottom of the list, registering a loss of 2.6 percent as yields

have backed up nearly 40 basis points over the month.

Measuring performance based on a common currency — the U.S. dollar — Australian bonds ranked first, boosted by a 5.3 percent appreciation against the U.S. currency. Sweden, ranked sixth behind the United States in local-currency terms, catapulted to second place measured in dollars, thanks to a nearly 5 percent appreciation of the krona.

Analysts at Union Bank of Switzerland currently are warning that it is time to take profits in the Swedish market. They note that 10-year yields at 6.68 percent are at a historic low and they view the nearly 1 percentage point advantage over German yields as uncomfortably thin. At the start of the year, the yield on Swedish paper was 1.42 percentage points, or 142 basis points, over German levels.

Exporters and banks last week with issues of 1.5 billion kronor (190 million), but bankers said the paper was moving slowly as volume this month has been high and demand is trailing off.

There is quite good demand for Canadian dollar paper, but with swap rates unattractive there is a dearth of non-Canadian issuers prepared to tap the market.

Ontario sold 1.25 billion Canadian dollars (\$947 million) of 30-year global bonds, priced to yield 53 basis points over comparable government paper. Goldman, Sachs & Co., the lead manager, said the bulk of the issue was placed in North America, with an estimated 35 percent sold in Europe and 10 percent in Asia.

But analysts at Paribas Capital Markets view this market as ripe for profit-taking and believe that "risks to the currency and bond market in Canada are increasing."

Ontario also made a global placement of \$2 billion of floating-rate notes, its first foray into this sector. The issue was increased from the initially announced \$1.5 billion, and traders attributed the strong demand to the fact that the paper was offered to investors at 8 basis points above the London interbank offered rate.

Interest is set at the three-month Libor, but the return to investors is slightly higher thanks to the discount offering price of 99.595. Citing the recent examples of Canada and Sweden, whose floating-rate notes were offered to yield a return below Libor, See BONDS, Page 10.

Spain and Denmark were next on the J.P. Morgan list.

Of Makeup and Theory, China-Style Step by Step vs. Big Bang

By Paul Blustein
Washington Post Service

GUANGZHOU, China — Toting a bag of beauty products, Avon lady Lin Hong sets off into the crowded streets of this southern Chinese city. Time for another day of peddling Western-style consumer goods in a land of 1.2 billion people who are fast discovering the pleasures of buying them.

Miss Lin, a two-year Avon Products Co. veteran in her 20s, heads down an alley and stops at an aging row house, where she is welcomed by a steady customer. Over a cup of tea, she mentions that Avon is introducing a new product, a man's pre-shave, costing about \$4.

"Hmmm, yes," replies the customer, a factory worker married to a businessman. "I think I'll get one for my husband."

Sold! One bottle of pre-shave for one Chinese.

Now try to imagine how many more will be purchased over the next decade in this market, with the world's largest population and the economy growing at double-digit rates. Such delectable notions are luring companies like Avon to China in droves.

The scope of this new gold rush is evident in the activities of Avon and three other companies that agreed to discuss details of their China business. Profiles of their operations here show the potential profits to be made in exploiting what could be the world's largest market. They also show the risks of investing in an economy growing so rapidly that many Western economists believe the boom is unsustainable, and will bring on, at least temporarily, a China bust.

S.C. Johnson & Son Inc. When big shots from Johnson's headquarters visit the company's offices in Shanghai, General Manager Mark Hu makes sure they tour typical Chinese homes for a realistic view of what the market is like. What they see is both encouraging and discouraging.

On the upside, they see stores spattered with oil from the stir-frying that many Chinese do every night, creating a need for products such as Mr. Muscle, a kitchen cleaner that Johnson brews extra strong for the Chinese market.

"Heavy grease buildup is a major opportunity for us," said Mr. Hu.

They also see homes that attract swarms of mosquitoes at night.

See PROFILES, Page 12

By Clay Chandler
Washington Post Service

BEIJING — When Treasury Secretary Lloyd Bentsen prodded Deputy Prime Minister Zhu Rongji to open markets during a recent meeting here, the Chinese official kept repeating that he wanted to do things gradually, step by step.

The unspoken message was that China's policy of gradualism works. The Chinese believe that sudden economic and political changes, as have been seen in Russia over the past three years, can

Leading Russian politicians see a year of hyperinflation, declining industrial production and paralysis of reform efforts. Page 12.

lead to chaos. Too much freedom, they suggested, may actually be the enemy of free markets.

Mr. Bentsen's recent trip to booming China and stagnant Russia offered some disturbing evidence to support the Chinese proposition. Chinese industrial production grew at the astounding annual rate of 29 percent last month. In Russia, by contrast, economic output contracted nearly 15 percent last year.

For those traveling with Mr. Bentsen, the contrasts were arresting. Street vendors in Beijing were hawking fresh grapes in midwinter at affordable prices, and shops were selling fancy mountain bikes. On the streets of Moscow, however, a leading business seemed to be prostitution. Foreign executives said they have taken to hiring bodyguards to protect themselves from gangsters.

At the heart of the debate are two basic questions: Do economic reforms work best if introduced in a single move or should they be measured in tiny doses? Is instant political liberty the most effective means of promoting stable economic growth, or is it wiser to loosen up a little at a time?

On the surface, recent events in Russia and China appear to answer both questions simply: Gradualism works best, contradicting some of the basic premises of President Bill Clinton's foreign policy.

In Russia, where Mr. Clinton urged more radical free-market reforms, so-called economic shock therapy has been followed by plummeting growth rates and living standards. Democratic elections, though lauded in Washington, have produced a reactionary parliament dominated by interest groups out to roll back reforms.

In China, by contrast, the transition to free markets seems to have

See COMPARE, Page 12

Finance Chief Seeks to Widen Indian Reforms

By Kevin Murphy
International Herald Tribune

NEW DELHI — Finance Minister Manmohan Singh, having masterfully survived a major financial scandal and riding a groundswell of popular support, is pressing the accelerator on India's economic liberalization drive.

Several major economic moves are expected to be unveiled in the middle of February, including tax cuts, increased opening for imports and foreign investment, cost-cutting, and enhanced privatizations.

This budget has to be an acceleration of the reform process," said Mr. Singh, who was presented with a mandate for greater change earlier this month by Prime Minister P.V. Narasimha Rao. "We cannot stand still."

At the same time, Mr. Singh is turning India's attention toward the successful fast-growing economies of East Asia.

India's current push to broaden reform comes less than three years after economic crisis prompted Mr. Singh and Mr. Rao's governing Congress (I) Party to make radical changes to an inward-looking economy that was quickly going broke.

Now the country's exports are surging, the rupee is partly convertible and strengthening, and foreign investors are scrambling for a stake in mushrooming local businesses via stocks or direct investments in sectors only recently opened to them.

Moves to reduce tariffs and taxes, reform antiquated banking and financial systems, privatize parts of the massive public sector, and dismantle a permit system for private business that interfered in nearly every aspect of industry, have trimmed inflation and spurred annual economic growth of 5 percent.

Mr. Singh said his government, which only recently gained a majority in parliament, was in its strongest position yet to attack the vested interests blocking further reforms.

"If we look at the results of the various opinion polls, there is the broadest possible support for changes," he said. "I am confident that this process can go only in one

direction. There is no prospect of these changes being reversed."

But the man most closely identified with a changing India must balance the need for further restructuring against the demands of the nation's enormous underclass.

At the same time, he warned against unrealistic expectations of a "Big Bang" style budget.

"I am confident any informed observer of the Indian economy knows India's potential. India's problems

See INDIA, Page 10

Singapore To Expand In East Asia

By Michael Richardson
International Herald Tribune

SINGAPORE — Lacking space of its own for economic expansion, Singapore plans to invest a growing proportion of its foreign-exchange reserves, currently worth about \$46 billion, in the fast-growing Asia-Pacific region.

Prime Minister Goh Chok Tong, who returned Sunday from a visit to India, said that under a new strategy the government would probably invest 30 percent to 35 percent of the reserves in the emerging economies of the region over the next 10 to 15 years.

But he said that Singapore would move cautiously, starting with only about 2 percent or 3 percent of the reserves as it identified promising countries and economic sectors.

Until recently, Singapore's policy was to invest its national reserves in relatively safe blue-chip investments and bonds in developed countries.

Analysts said that much of the new flow of Singapore capital was likely to go to Indonesia, Vietnam, Burma, Cambodia and Sri Lanka, as

See SINGAPORE, Page 10

German Metal Workers Take Risky Path

By Brandon Mitchener
International Herald Tribune

FRANKFURT — A German metals industry official, describing the situation as the country's most powerful union scheduled work stoppages to press demands for higher pay and job security, said, "The world must think we're crazy."

With more than half of all companies in Germany's vast automotive, electronics, steel and metal-working industries losing money, the first walkouts occurred over the weekend.

About 150 workers put down their tools at a light-bulb factory owned by Siemens AG even as the latest issues of the weekly Der Spiegel

went to press with a front-page title that reads "Who's Next? — Fear for the job."

Nevertheless, each side in the tug-of-war dug in its heels with a grudge, knowing the outcome of this struggle would determine how quickly Germany recovers from its worst recession since World War II and the extent to which rank-and-file workers will benefit from the recovery.

The compromise the parties eventually reach for will be disappointing for both, so each will have to prove that they did everything they could to fight for a better outcome, said Stefan Schneider, an economist at Nomura Research Institute in Frankfurt.

The issue at stake in this year's contract negotiations is not so much wages and benefits,

though employers are officially demanding a 10 percent cut in real income while union bargainers seek a gain. The result, already established in other sectors of the economy, will undoubtedly be a decline in earnings after inflation.

"Whoever expects a 5.5-6.5 percent increase in pay when tens of thousands of people are out of a job lives in cloud-cuckoo land," said Friedrich Oet, an economics adviser to Chancellor Helmut Kohl.

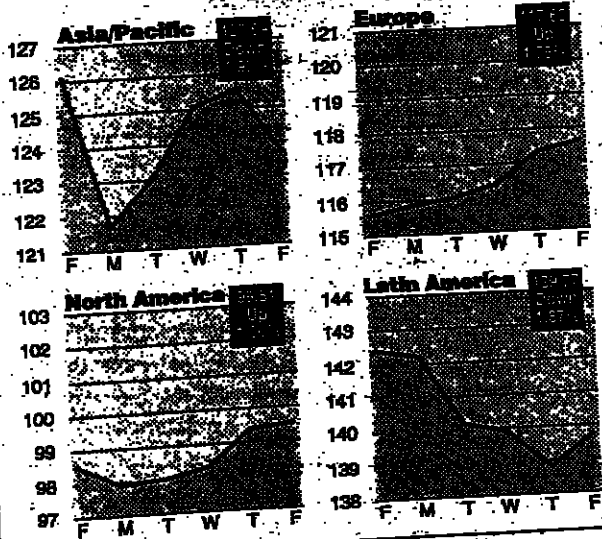
More important in this year's talks is an ideological debate over issues central to job security and the future strength of the German economy.

Employers seek a license to introduce an

See GERMANY, Page 10

THE TRIB INDEX

International Herald Tribune
World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News.
Week ending January 28, 1994
Daily closing
Jan. 1992 = 100



Industrial Sectors/Weekend close	12/29/93	1/29/94	% change
Energy	114.27	114.59	-0.27
Utilities	122.97	125.01	-1.83
Finance	118.26	119.54	-1.07
Services	124.57	123.04	-1.24
Capital Goods	113.81	112.75	+0.94
New Materials	121.47	120.29	+1.03
Consumer Goods	101.40	100.16	+1.24
Miscellaneous	126.99	129.51	-0.27

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the top 50 issues are tracked.

CURRENCY RATES

Cross Rates	1/29/94	1/28/94	% change
Australian dollar	0.691	0.691	0.00
British pound	1.634	1.634	0.00
Canadian dollar	0.691	0.691	0.00
French franc	6.545	6.545	0.00
German mark	1.366	1.366	0.00
Italian lira	2036.0	2036.0	0.00
Japanese yen	163.6	163.6	0.00
Swiss franc	1.483	1.483	0.00
U.S. dollar	1.000	1.000	0.00

Frankfurt Bank Tries Unusual Selling Point: Political Correctness

By Brandon Mitchener
International Herald Tribune

FRANKFURT — The interest is substantial, deposits are not insured and its headquarters looks like a school cafeteria, but the clients of Frankfurt's Okobank wouldn't have it any other way.

Founded in 1988 to promote socially and environmentally correct investing, the small, renegade bank has discredited critics who said it would never turn a profit and has branched beyond Frankfurt to make an impact throughout Germany.

With total assets of 200 million Deutsche marks (\$115 million), the Okobank is little threat to the dominance of such industry titans as Deutsche Bank AG, which boasts more than 500 billion DM on its books.

But what it lacks in size, Okobank makes up for in spunk. Its sixth year in existence began with dancing to the music of a group called "The Ugly Bankers." Its tellers wear jeans and sneakers to work, and the chairman, who recently turned 33, sports a ponytail.

At the bank's main office in Frankfurt's laid-back Bornheim district, a vine labeled "money" frames the entrance to a bright, warm, room where children play in a corner while their parents sign at money at a long, wooden table encircled by wicker chairs. A sign at the door reads "Please Don't Smoke," the coffee machine brews an organic blend and a sticker on the only cash register plugs an environmentalist partisan army named "Robin Hood."

"Our clients' association with the bank is much stronger than others' with theirs," said Jutta Gelbrich, a charter member who writes the bank's newsletter, attempting to explain the noninstitutional environment.

To traditional bankers, the Okobank and its clients are fanatics, more interested in making a statement than making money.

Some clients screamed "Sellout!" when the bank started advertising new time deposits paying the going interest rate. Two-thirds of its 30,000 clients pay to become members of the bank, which is legally a cooperative, not a company. Most forsake like coffee that is independent of swings in world market prices, "according to the prohibitions listed in the bank's motto. Others forsake interest altogether.

Founded by leaders of Germany's militant peace movement just before the Cold War ended, Okobank lets its members decide where their money is invested. Special investment funds sponsor projects ranging from a bike shop to a carpentry school for women.

One of the bank's biggest borrowers is Gopa, a company that promotes "fair trade" (as opposed to free trade) by funding cooperative farms and workshops in Third World countries and selling the goods they make in Europe for guaranteed prices. Their goal is to create a parallel market in commodities like coffee that are independent of swings in world market prices, "according to the prohibitions listed in the bank's motto. Others forsake interest altogether.

Borrowers lucky enough to pass the bank's grueling correctness tests usually pay a few percentage points lower interest than a normal commercial bank would charge.

But while marginally good for borrowers, the bank's philosophy of providing a discount at one and by denying interest at the other has come under attack from many who would otherwise support it. Lohar Wirtz, a management consultant who launched the Okobank idea in 1983, distanced himself from his creation soon after and now complains that it has become a charity.

"They should provide discount loans out of the profits they earn, not by asking depositors to give up interest," he said. "That dooms them to a niche existence."

Though he still maintains an account at the bank, Mr. Wirtz said it needs to become more professional by limiting the influence of "the utopians, fundamentalists and alternative freaks" in its ranks. Mrs. Gelbrich, citing a steady rise in the number of clients, said the bank can afford to remain confronted with that dilemma how their as depositors who forsake interest demand to influence how their money is invested. "People want to see that something really good happens with their money," she said.

Articles in this series appear every other Monday.

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Sweden	48,000	34	27,000	14,500
Switzerland	55,000	26	31,000	16,500
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SHORT COVER

U.S. Machine-Tool Orders Up Steeply

NEW YORK (AP) — Manufacturers' orders for machine tools rose sharply in December from the previous month, riding the economic recovery to significant gains for the year.

The Association for Manufacturing Technology reported Sunday that machine-tool orders rose 37.4 percent to \$319.1 million, reversing a drop of nearly 4 percent in November to \$232.3 million. December orders were up 54.8 percent from the \$206.2 billion reported for December 1992. For the year, machine tool orders rose 32.2 percent to \$3.28 billion, from \$2.48 billion in 1992.

"December was the best month of the fourth quarter for a majority of the machine tool builders," said the association's president, Albert Moore.

Profit Rises 1.8% at South China Post

HONG KONG (Bloomberg) — South China Morning Post (Holdings), the Hong Kong newspaper group controlled by Malaysian-Chinese businessman Robert Kuok, said that its after-tax profit rose 1.8 percent to 258.4 million Hong Kong dollars (\$33.1 million) in its financial first half ended Dec. 31. Sales rose 11 percent to 590.5 million dollars.

The company, which publishes Hong Kong's largest-circulation English-language daily, the South China Morning Post, said that despite increasing competition it remained in a dominant position. On Tuesday, the financial press group is scheduled to begin publishing Hong Kong's third English-language daily, the Eastern Express. The other English-language newspaper is the Hong Kong Standard.

Analysis says SCMP's costs have risen in recent months as it prepares to fight off the new competitor. It has raised wages for some of its journalists to prevent them from defecting to the rival, has revamped some sections of the paper and has introduced special promotions.

Enbattled H.K. Insurer Is Upbeat

HONG KONG (Bloomberg) — Hong Kong's second-largest life insurance concern, National Mutual Asia, says that it has managed to rein in around 2,800 of its 3,300 sales agents despite an alleged smear campaign intended to discredit the company.

The 85 percent of the agents retained is up from an estimate of 75 percent given by the company, which is controlled by Australian insurance group National Mutual Life, in the middle of last week.

National Mutual has sued its former chief executive, Andrew Yang, and three other former employees for the alleged campaign to damage the company. It said that anonymous faxes were sent to newspapers in Australia and Hong Kong in recent weeks questioning the parent company's commitment to the Hong Kong operation and the group's financial liability. Mr. Yang resigned from National Mutual Asia on Jan. 20.

Ekran Wins Malaysia Dam Project

KUALA LUMPUR (Combined Dispatches) — Ekran Bhd. has won approval from the Malaysian government to lead a consortium that will build a 15 billion ringgit (\$3.5 billion) hydroelectric power generating facility at Bekun in Sarawak state, the company said.

The 2,400-megawatt project will take 10 years to complete. Ekran will invite the Sarawak state government to take a stake of more than 50 percent in the project. Ecologists criticize the plan because it will involve the clearing of 200,000 hectares (495,000 acres) of forest.

The project will involve the construction of a dam and lake covering 1,000 hectares and transmission of electricity through submarine cables from Sarawak to Borneo Island to Johore in peninsular Malaysia, 650 kilometers (400 miles) away, Ekran said. (Bloomberg, Reuters, AP)

Green Point Savings Issues Stock

NEW YORK (NYT) — After surviving a hostile takeover attempt, a half-dozen lawsuits and a government rebuke, the Green Point Savings bank has gone public, issuing \$804 million in stock just hours before a critical deadline.

It was the largest initial public offering by a bank or savings institution in the last 20 years. As expected, the stock, which was sold to investors at \$15 a share, traded heavily over the counter. Nearly one-fourth of Green Point's 53.6 million shares changed hands after the stock began trading about 1:30 P.M. The shares jumped 27 percent, closing at \$19.

The trading was authorized when a three-judge panel of the United States Court of Appeals for the 2d Circuit lifted a temporary restraining order issued by a lower court. That ruling had been in a suit brought by lawyers representing depositors who had wanted the share issue blocked.

For the Record

Pilkington PLC, the British glass maker, said it plans to lay off another 20 workers, bringing to 500 the number of layoffs by the company in the past four months, the BBC reported. (Bloomberg)

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

AMSTERDAM — Interest-rate concerns prompted caution among investors on the Amsterdam stock market last week.

The CBS all-share index was slightly lower at 289.70 points, down from 290.40 on the previous Friday, a fall of barely a quarter of a percent.

Interest-sensitive stocks initially were weak, in particular financials ING and ABN-Amro, and the property investment funds. However, these stocks made up for most of their losses on reports of strong U.S. growth and low inflation. On balance, ABN-Amro was up 50 cent at 70.70 guilders, ING lost just 1 guilder at 87.80 guilders.

Fokker was sharply higher on new orders, up 12 percent at 24.70 guilders.

Frankfurt

Prices rose last week, although investors were nervous and unable to discern a trend. The DAX index finished the week at 2,133.47 points on Friday, up by 2.79 percent from the previous Friday's close of 2,075.61.

Volume fell to 47.47 billion DM from 52.45 billion the previous week.

Deutsche Bank gained 14.50 DM on the week to finish at 813.50, Dresdner Bank three to 418, and Commerzbank 8.50 to 366.50. Allianz Insurance gained 51 marks to end at 2,757.

Siemens was up 9.60 DM to 715, but troubled group Metallgesellschaft was unchanged at 238 DM.

London

Profit-taking cut about 1 percent off the Financial Times Stock Exchange 100-share index last week as investors cashed in on recent gains. The FT-SE 100 fell 36.8 points to 3,447.4 points.

The market rallied from steeper losses on Friday, following a sharper-than-expected rise

in U.S. gross domestic product in the fourth quarter of 1993.

The retail sector was hard hit with Sainsbury, the leading supermarket chain, down by 67 pence on the week to 393 pence after announcing Friday that it was writing off £365 million because of real estate depreciation.

W.H. Smith, which announced an 11 percent increase in its half-year profits, fell by 30 pence to 515 after its chairman made cautious comments about the outlook for the sector.

Oil shares were weakened by a negative note from Kleinwort Benson. Lasso fell six pence to 124 and BP lost 11.5 pence to 367.

Milan

The Mibtel index rose sharply last week, pushed up by foreign investors and the hope of an economic upturn. Positive political news also helped fuel the positive mood, with the market rising by almost 498 points to 10,362, a gain of nearly 5 percent.

Telecommunication stocks attracted foreign interest, with Sip gaining 9.61 percent to 3,935 and Stet rising 4.20 percent to 4,486 lire.

Fiat, on the verge of announcing its 1993 earnings, rose 3.59 percent, 4,561 lire.

Paris

The Bourse rose during thin trading last week as the market took time out after strong recent rises. The CAC 40 index finished at 2,313.17 points, a 3.08 percent rise and 69.2 points ahead of the previous week's final figure.

The market has still not picked up pace after huge rises in December and was hoping for Bank of France moves on interest rates.

LVMH remained in strong demand, gaining 1.19 percent on Friday thanks to a statement by its chairman that an acquisition will take place in the luxury products sector in the coming

years. Michelin jumped 4.08 percent and Peugeot 3.39 percent.

Singapore

Prices rose last week, with the Straits Times Industrial index up 18.34 points to close at 2,300.07 points, a gain of 0.8 percent, while the broader-based All-Singapore SES index added 2.23 points to finish at 597.90, up 0.37 percent.

Dealers said it was a week of volatile trading with share prices fluctuating in tandem with the price movements in Malaysia. Malaysian shares traded here also dropped sharply on rumors that the central bank was taking steps to stop speculation in the ringgit.

Tokyo

Prices fell on concern about political uncertainty. The Nikkei Stock Average of 225 selected issues fell 549.55 points, or 2.8 percent, to 18,757.88 points after rising 333.73 points the previous week.

The Nikkei 225 plunged 5 percent on Monday, its steepest one-day slide in almost two-and-a-half years. Brokers said the slump was mainly due to players' concerns about last week's parliamentary rejection of political reform bills and a delay to a long-awaited economic stimulus package.

Zurich

Swiss stocks ended higher last week on hopes that interest rates could be cut soon. The Swiss Performance Index gained 50.97 points to finish on 1,986.62, a rise of 2.6 percent.

Roche was in strong demand among English and German investors after an optimistic press report on the group, its price jumping 445 to 7,100.

Nestlé, helped by an improvement in international exchange rates, gained 83 to 1,406.

Codelco Says Error Cost It \$200 Million

Compiled by Our Staff From Dispatches

SANTIAGO — Stung by incorrect futures trading, Chile Copper Corp. on Sunday raised to \$200 million from \$100 million its earlier estimate of losses and said its problems included gold and silver as well as previously announced copper contracts.

Codelco's president, Alejandro Noemi, said the estimated loss from copper futures contracts has been raised to \$150 million from \$100 and the estimated loss from gold and silver futures amounts to \$50 million.

Codelco is the world's leading copper producer. It accounts for 6 percent of Chile's gross domestic product and 19 percent of exports in 1993.

Last week, the company reported that a futures trader, deputy sales manager Juan Pablo Davila, was under arrest, and that his initial misreading of a futures transaction on his computer screen could cost the company a third of its estimated 1993 earnings of \$470 million before taxes.

According to Mr. Noemi, Mr. Davila, who headed the company's futures department, made a mistake in executing a futures contract in September and began to lose money while he thought he was making money.

Codelco uses futures to hedge against swings in the price of copper. However, Mr. Davila also was allowed to speculate on the price of copper up to a limit of 20,000 tons, or \$1 million in losses. If losses on a futures contract exceeded \$1 million, he was required to register the loss immediately.

"That wrong position on his computer was then showing profits, so then he made the same operation and made, he thought, a second profit," said the executive.

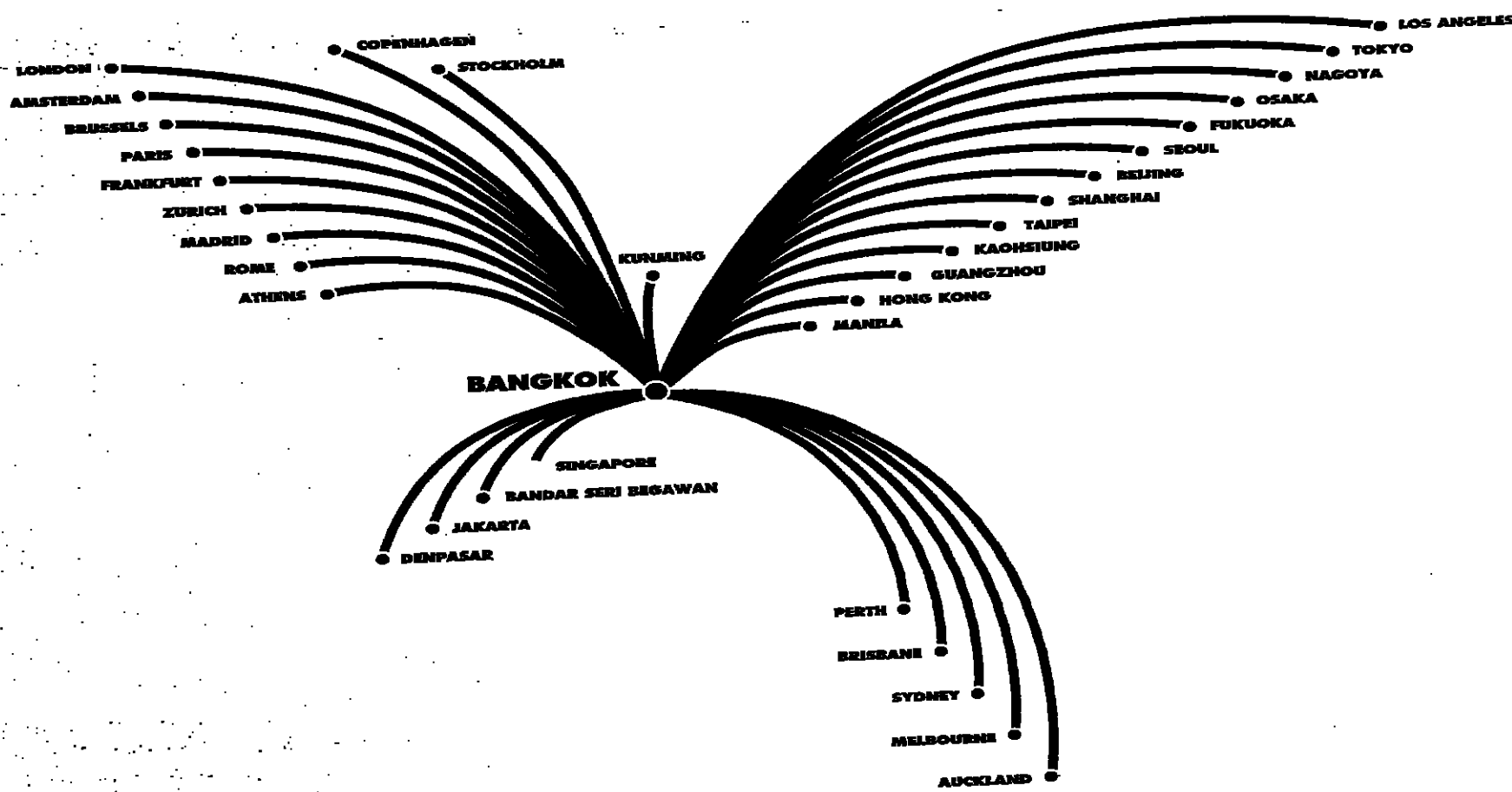
Almost five weeks later Mr. Davila realized that what he thought were profits of \$30 million to \$40 million were in fact huge losses. He began to hide the information, while continuing to bet on copper prices, hoping to reverse the losses, said the Codelco executive.

"We are pretty certain that there is no fraud," the executive said. "He was just hiding the positions and then he opened new positions to make up the losses. But that also went wrong, because he took a view of the market and prices went against that view," he said.

At the request of President Patricio Aylwin, the Supreme Court has appointed a judge to lead the investigations into the irregularities.

Price Waterhouse & Co. in Santiago is helping Codelco in its internal investigation. (Reuters, Bloomberg)

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Banco di Napoli	\$150	1999	0.15	99.20	—	Over 6-month Libor. Noncallable. Fees 0.20% (Merrill Lynch Int'l)
Bear Stearns Company	\$100	2004	3/4	100	—	Below 6-month Libor. Minimum interest 50%. Noncallable. Fees 0.375% (Merrill Lynch Int'l)
Commonwealth Bank Australia	\$100	1995	0.60	100	—	Over 3-month Libor, if within defined range. Noncallable. Fees not disclosed. Denominations \$10,000 (Solomon Brothers Int'l)
Credit Overseas Bank	\$200	1999	0.15	99.65	—	Over 6-month Libor. Noncallable. Fees 0.20% (CS First Boston)
Credit National	\$250	1997	Libor	99.77	—	Interest will be the 3-month Libor. Callable at par from 1996. Fees 0.15% (CS First Boston)
General Electric Capital Corp.	\$100	1997	0.20	100	—	Interest pays 91-day CETS plus 0.20%. Noncallable. Fees 0.25% (Kiddier, Peabody Int'l)
Ontario	\$2,000	1999	Libor	99.95	—	Interest pays 3-month Libor flat. Noncallable. Fees Int'l
Union Bank of Finland	\$100	1997	3/4	99.94	—	Over 3-month Libor. Noncallable. Fees 0.125% (Denominations \$100,000) (Goldman Sachs Int'l)
HMC Mortgage Notes 11	\$100	2021	3/4	100	—	Over 3-month Libor. Redeemed at 99.925. Callable at par in 1997. Fees not disclosed. Denominations \$100,000 (Merrill Lynch Int'l)
National & Provincial Building Society	\$150	1999	0.10	99.98	—	Over 3-month Libor. Callable at par from 1998. Fees 0.15%. Denominations \$100,000 (Goldman Sachs Int'l)
SBAB	¥15,000	1999	Libor	99.85	—	Interest pays 3-month yen Libor plus 0.20%. Maximum interest is 4.70%. Noncallable. Fees 0.20% (Daiwa Europe, Fuji Int'l Finance)
SBAB	¥15,000	1999	0.20	99.70	—	Interest is 3-month yen Libor plus 0.20%. Maximum interest is 4.70%. Noncallable. Fees 0.20% (Daiwa Europe, Fuji Int'l Finance)
Fixed-Coupons						
Caisse Nationale de Crédit Agricole	\$100	1997	zero	101	—	Redeemed at par. Redemption amount at maturity will be linked to the performance of the Hong Kong stock index. Fees 10% (IB Int'l)
Elektrobrus	\$150	2002	8%	99.99	—	Semiannually. Noncallable. Fees 1%. Denominations \$10,000 (Merrill Lynch Int'l)
Oesterreichische Postsparkasse	\$100	1995	4%	100	—	Interest will be 40% for each day 3-month Italian rate Libor is between 75% and 9% for the first 6 months, and between 60% and 65% for the second 6 months. If Libor is outside of these levels, no interest is paid. Noncallable. Fees 0.15% (Creditanstalt-Bankverein)
Standard Credit Card Master Trust	\$750	1999	4.65	99.85	—	Noncallable. Fees 20%. Also \$48 million of notes paying 4.85% and priced at 99.87. (Citibank)
LKB Baden-Wuerttemberg Finance	DM 750	2008	6%	103.20	—	Redeemed at 100.60. Noncallable. Callable with outstanding issues, rising total amount to 2.25 billion marks. Fees 20% (J.P. Morgan)
BOC Group	\$125	2004	6%	100.915	—	Redeemed at 99.29. Noncallable. Fees 2%. (CS First Boston)
Rothschild Confimation Finance	\$125	perpet	9	99.99	—	Callable from 2004 at par. Fees 0.75% (Merrill Lynch Int'l)
Boyerische Landesbank	FF 500	2002	zero	100	—	Issue will be split into a zero bond and a bond paying 20%. Redeemable from 1995. Redemption amount at maturity will be linked to the performance of the CAC 40 stock index. Fees not disclosed. (Caisse des Dépôts et Consignations)
Caisse Centrale de Crédit Immobilier	FF 2,000	2002	6	97.97	—	Noncallable. Fees 0.35% (Caisse des Dépôts et Consignations)
DSL Finance	FF 1,500	2004	5%	98.67	—	Noncallable. Fees 0.325% (Deutsche Bank)
Aegon	DF 250	1999	5%	100%	—	Redeemed at 99%. Noncallable. Fees 1% (J&M-Astro)
Austria	DF 1,000	2024	6%	98.80	—	Redeemed at 98.15. Noncallable. Fees 1% (J&M-Astro Bank)
De Nationale Investeringbank	DF 500	2000	5%	100.17	—	Redeemed at 99.42. Noncallable. Fees 1% (ING Bank)
LKB Baden-Wuerttemberg Finance	DM 300,000	2004	7.80	101%	—	Noncallable. Fees 2% (Credito Italiano)
Suedwest LB Capital Markets	DM 150,000	2004	8	101.80	—	Noncallable. Fees 2% (Banca di Roma)
Ekspofinans	SK 1,500	2004	6%	99.26	—	Noncallable. Fees 0.875% (Solomon Brothers Int'l)
Nordic Investment Bank	SK 1,500	1999	6%	99.416	—	Noncallable. Fees 0.375% (Merrill Lynch Int'l)
Abbey National Treasury Services	CS 200	2004	6%	101.355	—	Redeemed at 99.705. Noncallable. Fees 2% (Solomon Brothers Int'l)
Helaba Finance	CS 200	2004	6%	100.445	—	Redeemed at 98.77. Noncallable. Fees 2% (Daiwa Europe)
Ontario	CS 1,250	2024	7%	98.42	—	Semiannually. Noncallable. Fees 0.45% (Goldman Sachs Int'l)
News America Holdings	Aus 150	2014	8%	100	—	Semiannually. Noncallable private placement. Fees not disclosed. (Merrill Lynch Int'l)
Treasury Corp. of Victoria	Aus 200	2002	6%	101.18	—	Redeemed at 99.63. Noncallable. Fees 10% (Swiss Bank Corp.)
Equity-Linked						
Industrial Credit & Investment Corp. of India	\$175	2000	open	100	—	Coupon indicated at 2% to 3%. Noncallable. Convertible at on expected 10 to 12% premium. Fees 20%. Terms to be set Feb. 4. (J.P. Morgan Securities)
Itchu Fuel	\$150	1998	1 1/4	100	—	Noncallable. Each \$10,000 note with two warrants exercisable into company's shares at an expected 20% premium. Fees 20%. Terms to be set Feb. 1. (Merrill Lynch Int'l)
Kissei Pharmaceutical Co.	\$100	1998	1 1/4	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 10 to 12% premium. Fees 20%. Terms to be set Feb. 1. (Merrill Lynch Int'l)
Paul Y-TC Construction Holding	\$100	2001	5	100	—	Noncallable. Convertible at HK\$290 per share and at HK\$722 per share. Fees 20%. (Pargerson Capital)
PV Investment Finance	\$200	2000	4%	100	—	Semiannually. Callable at par from 1997. Convertible at HK\$24 per share and at HK\$722 per share. Fees 20%. (Morgan Stanley Int'l)
Tonyong Public Company	\$125	2004	open	100	—	Coupon indicated at 2% to 4%. Redeemable in 1999 to yield 1 to 2% over Treasury. Convertible at on expected 10 to 12% premium. Fees 20%. Terms to be set Feb. 2. (Swiss Bank Corp.)
United Engineers	\$200	2004	open	100	—	Semiannual coupon indicated at 2 to 2 1/2%. Redeemable in 1999 to yield 5.00%. Convertible at on expected 10 to 12% premium. Fees 20%. Terms to be set Jan. 31. (Morgan Stanley Int'l)
Danisco	DK 1,000	2004	5	100	—	Noncallable. Convertible at 12.60 kroner per share, a 20% premium. Fees 20%. (S.G. Warburg Securities)

Aluminum Producers Accept Cuts

Compiled by Our Staff From Dispatches

BRUSSELS — The world's major aluminum producing nations have agreed on a plan to trim a glut of the metal on world markets, the European Commission said Sunday.

The plan is likely to lead to a cut in world production of about 10 percent, or between 1.5 million and 2.0 million metric tons, said Peter Guilford, spokesman for the European Union's trade commissioner, Sir Leon Brittan. Western industry had been seeking cuts of this magnitude.

The agreement was formulated during negotiations earlier this month involving the United States, Russia, Australia, Canada, Norway, and the European Union. The commission said all parties had accepted a memorandum of understanding arising out of the talks.

A surge in aluminum exports from Russia has led to a 40 percent drop in aluminum prices, analysts said. The collapse of the arms industries in the former Soviet republics forced producers to seek markets abroad.

"Under the EU plan, Russia has agreed to restructure its aluminum industry and other countries expressed willingness to help the Russians do so," Mr. Guilford said. The EU, he said, will help pay some of the costs of cutting Russian production.

Russia has agreed to slash its production by 500,000 tons and companies in the other major producing countries will make their own decisions about how much output they will cut, Mr. Guilford said.

Mr. Guilford said companies will want to reduce output as "it's in everyone's interest to cut back" in order to stabilize prices.

Aluminum Co. of America and Alcan Aluminum Ltd. of Canada, two of the world's largest aluminum producers, blame the surge in Russian exports for declining profit in the fourth quarter of 1993.

The European Commission said the United States was reviewing "legal requirements" relating to the memorandum, an apparent reference to Washington's concerns about infringing on its anti-trust laws.

Aluminum prices had risen to a six-month high on Friday in anticipation of the agreement.

The aluminum producers will meet again in Canada on Feb. 28 to review the market situation.

(Reuters, Bloomberg, AFP)

Long-Term Treasuries Forge Ahead

Compiled by Our Staff From Dispatches

NEW YORK — Long-term bonds are reaping the benefits of quiescent U.S. inflation, although shorter-term issues are lagging because of concern that the Federal Reserve Board eventually will push up interest rates.

Although the bellwether 30-year Treasury bond finished Friday at a yield of 6.21 percent, down from 6.28 percent a week earlier and the lowest close in five weeks, there was concern about the Fed's intentions. The magazine Business Week, in an issue that reached subscribers Friday, quoted a central-bank source as saying that some members of the Federal Open Market Committee were becoming concerned about the Fed's inaction.

The report said the FOMC, the central bank's policy-making body, might consider pushing up the federal funds rate on overnight interbank loans to 3.25 percent as early as this week. Fed funds have traded at about 3 percent since September 1992.

With these fears of a short-term rate rise, the

three-year Treasury note ended the week unchanged, yielding 4.36 percent.

Some analysts questioned whether the long-term bond rally had gone too far and said data due this week might indicate an economy too strong to sustain such low interest rates. The

U.S. CREDIT MARKETS

market was not swayed by the Friday report from the Commerce Department that fourth-quarter domestic product grew 5.9 percent in the fourth quarter, the fastest pace in six years.

One reason for the lack of concern about inflation was that the report said the Commerce Department's broadest measure of inflation, the GDP deflator, rose just 1.3 percent in the fourth quarter, down from 1.6 percent in the third and the smallest quarterly increase in more than 25 years.

A strengthening economy often brings inflation. But bond investors are betting that the current growth translates into rising prices.

"While it is entirely likely that the rate of

growth will slow, it is unclear given the recent data that the economy will comply with the hopes of the investor base," cautioned Thomas Sowanick, chief fixed-income strategist at Merrill Lynch & Co.

Mr. Sowanick took a critical view of the "wonderful world of economic growth without inflation, declining federal deficits, next-to-zero private credit growth," that U.S. financial markets seem to currently share.

Two reports likely to affect the credit market this week are the National Association of Purchasing Management's manufacturing survey for January, due Tuesday, and the U.S. nonfarm payrolls for January, to be released on Friday.

"People right now are expecting a reasonably solid economy and slow inflation," said Curt Hollingsworth, who manages \$3 billion in government bond funds at Fidelity Investments, the nation's largest mutual fund company. "We think inflation is going to be around 2 percent. That's why we're still fairly bullish."

(Bloomberg, Knight-Ridder)

The Week Ahead: World Economic Calendar, Jan. 31 - Feb. 5

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

Asia-Pacific

Jan. 31 Beijing: Angen Inc., world leader in technology for medical treatment, opens office in Beijing.

Jan. 31 J.P. Morgan & Co.'s chairman, Dennis Weatherstone, opens representative office here.

Jan. 31 Hong Kong: First issue of Eastern Express, Hong Kong's third English-language daily.

Jan. 31 London: December third-quarter gross domestic product.

Jan. 31 Hong Kong: Shares in private stock exchange and limited company Hing Holdings begin trading on Hong Kong Stock Exchange following its initial public offering of shares.

Jan. 31 London: December third-quarter gross domestic product.

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Europe

Expected this week: Frankfurt: December M-3 money supply from fourth quarter boom. Forecast: 7.2 percent.

Frankfurt: December trade balance. Forecast: 184.5 billion pesetas deficit.

Frankfurt: January consumer price index. Forecast: 0.2 percent.

Frankfurt: December industrial production. Forecast: 0.2 percent.

Frankfurt: December manufacturing output. Forecast: 0.5 percent.

Frankfurt: January unemployment rate. Forecast: 14.2 percent.

Frankfurt: December unemployment rate. Forecast: 12.1 percent.

Frankfurt: December manufacturing orders. Forecast: 0.2 percent.

Frankfurt: December retail sales. Forecast: 0.2 percent.

Frankfurt: December housing starts. Forecast: 12.1 percent.

Frankfurt: December construction spending. Forecast: 0.2 percent.

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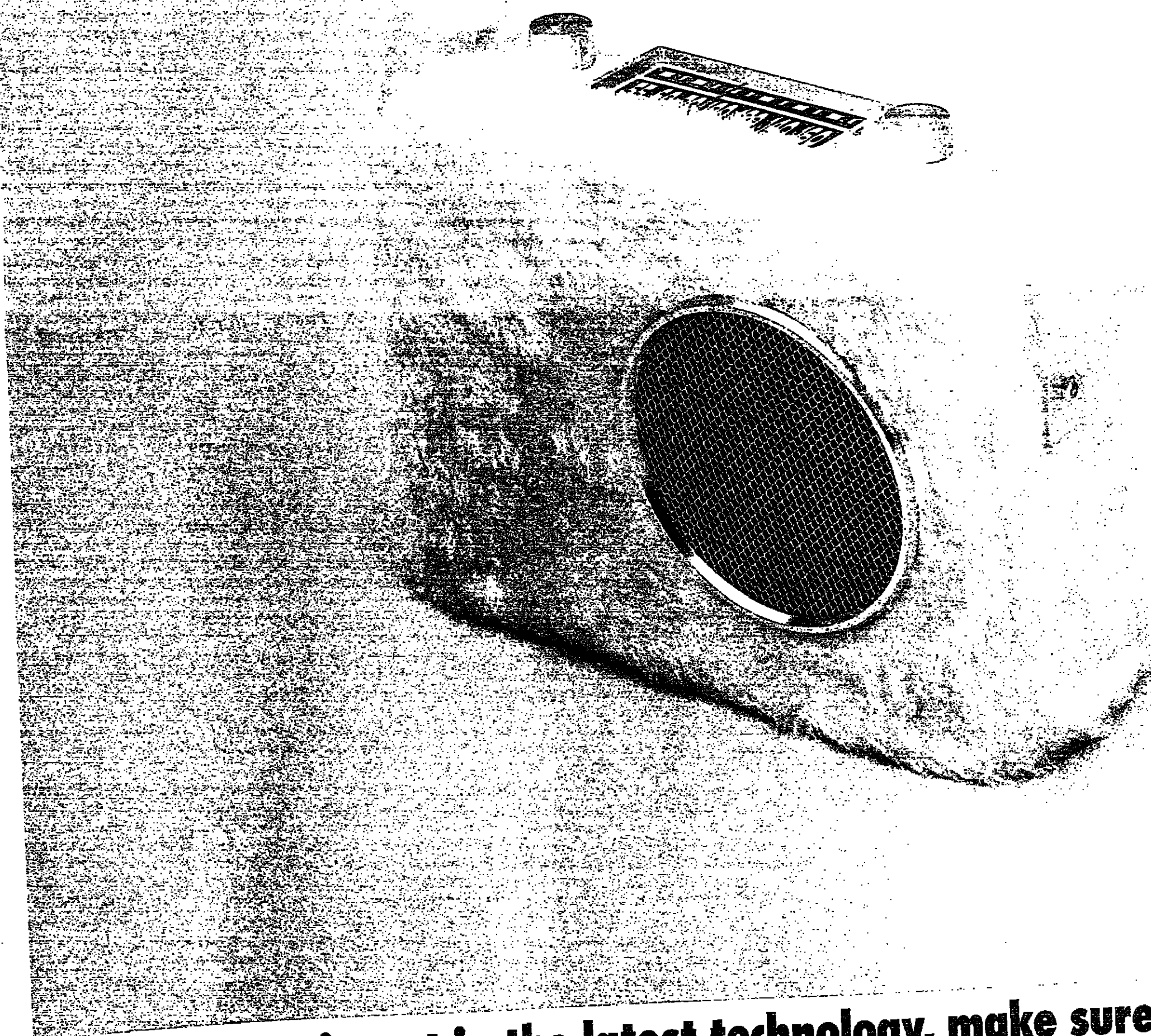
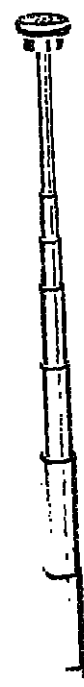
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Frankfurt: December construction spending



Before you invest in the latest technology, make sure it has a future.

Remember the furry radio? Back in the Fifties, no self-respecting Doris Day fan would have been without one. The very latest innovations are always the most exciting. But have you noticed that they're sometimes the least enduring? So, when it comes to investing in your business, you want to be certain that the communications technology you choose will be as relevant in 20 years' time as it is today. Which is why we developed the Alcatel 4000 Series, a range of advanced ATM compatible communications systems. Because they evolve with your business, they can be easily upgraded to incorporate new services, as and when you need them. If you'd like further information on business systems with a future, call (33.1) 47.69.48.82 or fax (33.1) 47.69.47.75. Alcatel. Your reliable partner in communications systems.

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ADVERTISING SECTION

BADEN-WÜRTTEMBERG

MARKETS ARE REMODELING GERMANY'S 'MODEL STATE'

The last two years will likely go down in Baden-Württemberg's annals as a relatively short, uneven recession triggering a long-term, top-to-bottom restructuring of the state.

Six quarters of economic contraction have been succeeded by one of rising industrial output and exports. At the recession's worst, declines of 4 percent were recorded, not unduly dramatic by current world standards, and certainly no cause for alarm considering the state's overall track record: five decades of

unparalleled, nearly unbroken industrial and export expansion, and a century and a half of unflagging innovation and enterprise.

Because the recession hit the automobile and mechanical engineering sectors — the state's showcase industries — especially hard, and because it was accompanied by a (continuing) rise in unemployment, it drove the state to the conference table, to the CAD/CAM computer's drawing board and to nearly all parts of the business world.

Over the last year and a half, Baden-Württemberg has been in convocation. In dozens of formal and ad hoc round tables, panel discussions and "special intersectoral congresses," members of the state's business, financial, official and educational communities have been wrestling with a single, essential question: What has to be changed to retain our leadership in the world's high-tech markets?

A simple, fundamental answer has emerged, and is already being implemented: Put the world's markets to work remodeling the model state and the way its companies do business.

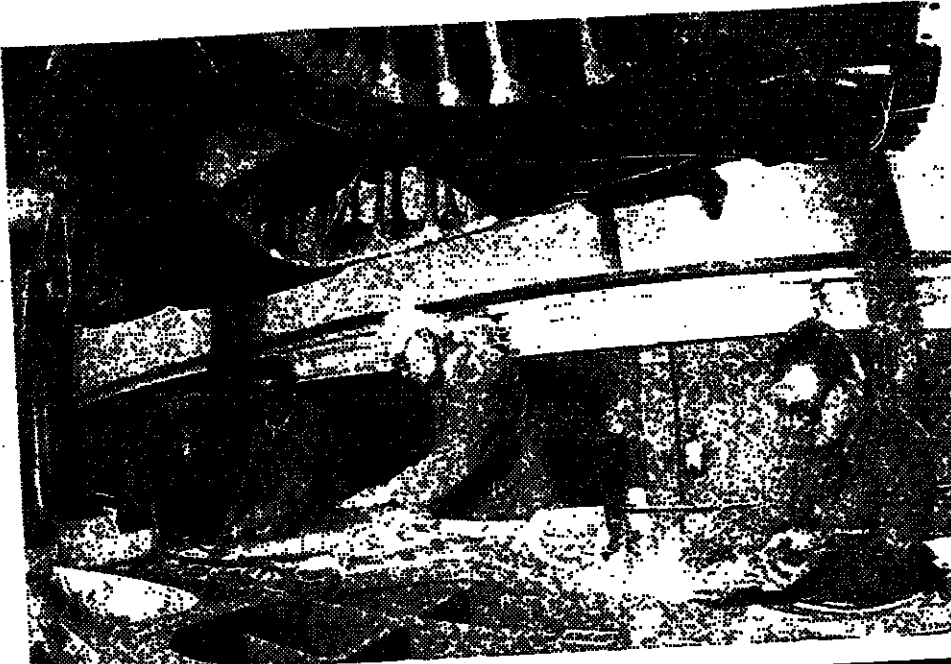
"Now, before our tinkers start tinkering and our rapid prototypers start pro-

totyping," says Dieter Spöri, Baden-Württemberg's deputy prime minister and minister of economic affairs, "they've been 'on-market' to Guangzhou, Monterrey, Buenos Aires, Kansas City, ascertaining on-line these markets' needs, price and feature expectations."

"For the better part of five decades, we had it very easy," says Werner Schmidt, chairman of the board of managing directors of Südwestdeutsche Landesbank, the state's leading bank. "We came up with advanced, highly reliable products, presented them to the world, and the world went ahead and bought them."

The state is still coming up with advanced products, and the world is still buying them. Over the last few years, Baden-Württemberg has kept its lock on the leadership of Germany's patents and exports-per-capita tables. Orders from non-German customers for industrial goods rebounded in the last quarter, powering the state to a 5 percent quarter-on-quarter rise in industrial production.

Judging by the slew of excited reports on path-blazing new products emerging from the state,



Building on the past: today's auto manufacturing continues the tradition begun by Carl Benz and Gottlieb Daimler in the 19th century.

Baden-Württemberg has never been busier. "If the world markets are now acquiring products," says Erwin Teufel, the state's prime minister, "it's because these items are new-generation products, not only designed for today's rapidly changing markets, but also generated by the markets themselves."



THE BLACK FOREST'S WHITE TABLECLOTHS

The mountains came cons ago, thrown up by seismic and volcanic activity. Trees, mostly conifers, flourished in the black soil left behind. They grew so thickly that the Alemanni, the local Germanic tribe, peered into the impenetrable gloom and called it the Schwarzwald — Black Forest.

Some of the Alemanni and their descendants braved the heights and isolation and made settlements in the forest. Most of them stayed on the Rhine side of the valley and cultivated vineyards, producing wine — and, eventually, a particularly sumptuous cuisine.

Mark Twain and legions of other late-19th-century wanderers came to hike the forest's depths in search of

wellness has become one of the region's two big "smokeless industries." Thirty-eight communities offer 158 different therapeutic facilities as well as sanatoriums and clinics.

Joining spa visitors and vacationers on the Schwarzwald's winding roads are restaurant critics and amateur — although no less dedicated — gourmets.

No area in Germany has so many gourmet restaurants. Baiersbrunn, a town of 16,000 located in the north Schwarzwald area, has eight alone, according to the Gault-Millau restaurant guide. The Schwarzwald area has 38 other comparable "gourmet communities."

Nor is culinary excellence confined to the western part



Typical of the area is the Schwarzwaldhaus, or Black Forest house, with its jutting roof.

unspoiled nature. Later, a host of less-athletic nature lovers would discover the forest via an incredibly winding grid of roads.

Here nature is still quite beautiful, although no longer unspoiled, and is now being appreciated by a different set of visitors in a different way.

It is the perfect setting for a spa: clean air, mineral springs — another product of the volcanic era — and wooded surroundings.

From Freudenstadt in the north to St. Blasien, 140 kilometers to the south,

of the state. Two of Germany's top 10 restaurants are located in Wertheim-Bettingen and Ohningen, in the northern part of the state, while another is to be found in Ravensburg, near Lake Constance.

Still, the concentration of world-class restaurants is strongest in the Schwarzwald.

"At least when one does overindulge, the cure is always close at hand," says Christian Heydrich, a Freiburg-based amateur gourmet.

AN INVESTOR'S GUIDE TO THE REGION

Well before the Romans conquered Western Europe, this area was established as one of the main trading centers of the Continent. Today, the state's geographical variety is matched by its wide range of commercial opportunities.

Lake Constance-Upper Swabia: The lake and its northern bank are one of Germany's main tourist centers. This prime agricultural area produces a wide range of wines, dairy products and hops. Ravensburg and Friedrichshafen are major industrial centers, with large-scale aviation, medical-technology and consumer-goods sectors.

Upper Rhine-Lake Constance: This region includes the western end of Lake Constance and the state's southwestern corner. Konstanz is a sophisticated resort and university town. Singen features extensive research facilities and metallurgical engineering companies. A string of small cities stretching eastward from Weil am Rhein to Waldshut-Tiengen, along the Rhine's northern bank are home to a wide range of chemical and textile manufacturers.

Southern Upper Rhine: Bounded by the Rhine to the west and the heights of the Black Forest to the east, this predominantly rural region's metropolitan centers include Freiburg, a center for tourists, university students and electrical engineers; Offenburg, with large-scale paper, chemical and printing industries; Willstätt; and Lahr. The volcanic soil of the Kaiserstuhl promontory produces some of Germany's finest wines.

Karlsruhe: Karlsruhe's widely diversified indus-

try base is made up of advanced communications and information-technology systems, as well as chemical, paper, metal and food-processing companies. Rastatt, Gaggenau, Bruchsal and Balingen feature automotive engineering, consumer-durable and industrial sectors. There are a number of spas in the region, including Baden-Baden, one of the most famous in Europe.

Black Forest-Baar-Heuberg: Located at the

junction of two major rivers, several rail lines and highways, this fast-growing region has large-scale rolling and capital-goods, printing, chemical and food-processing sectors to go with its transport services. Leading manufacturing centers are Mannheim, Weinheim, Heidelberg and Wiesloch. The northern and eastern parts of the region, part of the Odenwald, are largely hilly and rural.

Northern Black Forest: This region is famed for its

neering and food-processing companies. Schwäbisch Hall, Crailsheim, Künzelsau, Ohningen, Wertheim and Taubersbischheim are important local manufacturing centers. The region has a wide range of medieval cities and other tourist attractions.

East Württemberg: Precision mechanics and optics, advanced industrial engineering, automobile components and textiles are this area's specialties. Heidenheim, Oberkochen, Aalen, Waldstetten and Gengen are its major manufacturing communities.

Ulm: Forming the state's eastern flank, this area produces a broad range of agricultural products. Over the last three decades, the historic city of Ulm has been the center of massive public- and private-sector investment, giving it a large-scale, diversified industrial sector and one of Germany's major research communities.

Reutlingen: The region's northern portion forms part of the Greater Stuttgart metropolitan area, while its southeastern corner is highly rural. Reutlingen, Albstadt, Metzingen, Balingen and Kusterdingen are its leading manufacturing centers, producing clothing, industrial systems and automotive components.

Stuttgart: Baden-Württemberg's capital is the center of one of Europe's major industrial regions. Automobiles and related components, industrial systems and equipment, telecommunications and information-technology hardware and software, consumer durables and non-durables are leading products. Stuttgart is the regional and state hub for financial and business services.

Heilbronn: The Heilbronn-Neckarsulm metropolitan area has a cluster of automotive, electrical-engi-



Aerial view of Stuttgart, the state capital.

junction of two wooded upland regions and Lake Constance, this region has a number of relatively small-sized cities — Villingen-Schwenningen, Tuttlingen, Oberndorf and St. Georgen — with internationally sized industrial, medical, precision-mechanic and optical-manufacturing sectors. Among its many historic cities is Donaueschingen, the venue for a leading modern music festival.

Rhine-Neckar: At the

FINANCIAL COMMUNITY'S LOCAL BASE UNDERPINS INTERNATIONAL OUTREACH

A region's financial sector is patterned after its business community it serves. Baden-Württemberg's businesses, collectively Germany's leading exporters, trade with, distribute from or produce at

727 of 848 banks are locally owned

locations all over the world. Correspondingly, Baden-Württemberg's banks have broad-based depth.

These highly international companies and banks are also highly local. They are rooted in an array of relatively small communities throughout this "non-centralized" state.

Nearly all of Europe's "core" economic regions have a predominant Milan, Barcelona or Paris accounting for the lion's share of output and business decisions. Not Baden-Württemberg. While one-tenth of the state's economic output does issue from the Stuttgart region, greater Stuttgart is actually an amalgamation of 10 historic business areas, including

Esslingen, Böblingen and Sindelfingen, each with its own highly developed corporate community.

Elsewhere in Europe, important companies tend to congregate in central economic regions. Here, too, Baden-Württemberg is an exception. Greater Stuttgart has Daimler-Benz (Germany's largest company), Robert Bosch (number 10) and about a quarter of the state's other top 50 companies. Heidelberg, Waiblingen, Weinheim, Oberkochen and nine other communities are home to the rest, including such famous names as Heidelberger Druckmaschinen AG (the world's largest producer of printing machines), Andreas Stihl KG (Europe's leading manufacturer of chain saws), the Freudenberg group (plastic-based engine components, sealants and non-wovens) and Carl Zeiss (precision optics).

For every one of these heavyweights, there are hundreds of "market movers," barely known outside their small towns or niche markets, but international business powers in

their own right. Following a 120-year-old tradition, all these companies bank locally and act internationally.

"For a variety of very understandable reasons, nationwide finance houses didn't really play a major role in either of Baden-Württemberg's two industrial revolutions," says Werner Schmidt, chairman of the board of managing directors of Südwestdeutsche Landesbank (SüdwestLB), the central banking institution of the state's 340 billion Deutsche mark (\$196 billion), 50,000-employee savings bank group.

"Both these revolutions involved locally founded companies with very new products — in the late 19th century, the automobile, the portable drill, boring and kneading machines, even the Zeppelin; in the 1950s, plastics processing presses, offset printing presses for newspapers and numerically controlled machines," says Mr. Schmidt. "These were not the quick-return, high-yield items that would capture the eye of faraway bankers."

The result, Mr. Schmidt explains, is that corporations and their work forces sought financing at the local level, producing a community-based financial sector in the state.

Today, 727 of the 848 banks with headquarters in the state are mutually and locally owned credit unions, savings banks and building societies, including 56 of the state's 60 largest banks. Many of these locally founded "mutuals" have gone on to become nationwide powers, including the Schwäbisch Hall and

Wüstenrot building societies.

A broad base of small-sized companies, a locally based financial system, 112 billion DM in annual exports — this configuration places unique demands on the state's international finance houses, according to Mr. Schmidt.

"A typical company in Baden-Württemberg has a turnover of 200 million DM and business relationships with 80 different countries," Mr. Schmidt explains. "Increasingly, these relationships involve more than the simple interchange of goods. Most state companies have extensive international networks of foreign offices, distribution centers and, in many cases, production facilities."

At the same time, for a variety of practical reasons — primarily the advantages of dealing with a trusted partner in one's own language and currency — Baden-Württemberg's exporters have displayed great loyalty to their Hausbanken (long-time bankers). As a result, the state's major banks have become experts in managing "site-to-site" international business relationships.

In conducting this multifaceted mass of financial and technical operations, the state's banks use a range of classic methods. In addition to maintaining sub-

sidiaries, associates and offices in 19 international financial centers, SüdwestLB, the state's largest financial institution, has corresponding relationships with some 1,000 banks, plus access to another 700

Continued on page 14

THE ESSENTIAL BADEN-WÜRTTEMBERG

FACTS AND FIGURES
Population: 10.14 million
Area: 35,751 square kilometers
Capital: Stuttgart (pop. 599,000)
Other major cities: Mannheim (pop. 318,000), Karlsruhe (pop. 279,000), Freiburg (pop. 196,000), Heidelberg (pop. 140,000)
Prime Minister: Erwin Teufel
Deputy Prime Minister and Minister of Economic Affairs: Dieter Spöri

State Government
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Heidelberg (06221) 49-711
Karlsruhe (078) 49-711
Kiel (0431) 49-711

Baden-Württemberg's international relations and cooperation
Baden-Württemberg's international relations and cooperation are managed by the Ministry of Economic Affairs, which is responsible for the state's foreign economic relations.
The Ministry of Economic Affairs is also responsible for the state's international relations and cooperation, including the state's participation in international organizations and the state's representation at international conferences.
The Ministry of Economic Affairs is also responsible for the state's international relations and cooperation, including the state's participation in international organizations and the state's representation at international conferences.

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GERMANY: BADEN-WÜRTTEMBERG

THE PRIME MINISTER DEFINES THE STATE'S ROLE IN EUROPE

Erwin Teufel has been prime minister of Baden-Württemberg since January 1991. After earning a degree in public administration in 1961, Mr. Teufel occupied a variety of local public positions. In 1972, he was elected to the state parliament and subsequently held a number of ministerial-level posts. Since 1992, Mr. Teufel has been vice president of the Assembly of European Regions. He recently spoke about his state's future in Germany and in Europe.

Your state's government, business and education communities have been engaged in an unprecedented round of deliberations mapping out an economic future for Baden-Württemberg. Where do you now stand in this process?

The first phase of inventory-taking and consulting has now largely been completed. Our "Economy 2000" commission has just come out with a highly detailed report analyzing in great depth what's been accomplished and what needs to be done in this state and who's going to do it — the state's companies and communities, the

unions and universities, my administration, even the role of the European Union in all this. The proposals are now being implemented. A newly established panel will monitor this implementation and will report on its successes and failures, and make any necessary changes along the way. This phase will be funded by the 1.1 billion Deutsche marks (\$647 million) realized from the privatization of state-owned building insurance companies.

From the latest economic figures, which show turnarounds in industrial production and orders from abroad and an end to declines in GDP, it would seem that the need for these measures has been at least partially obviated.

Our immediate economic troubles may well be coming to an end. Many of the international factors that caused them — the recession in all our major markets, the strong appreciation of the Deutsche mark against other major currencies — have substantially moderated. A number of forecasts have even predicted a bit of economic growth in 1994.

Unemployment is, however, going to remain a problem in the state for a good while. To alleviate it, I've asked two universities in Baden-Württemberg to come up with practical proposals — not more studies, we have more than enough of them —

but measures this state can take within the confines of our limited resources. The long-term restructuring of our economy, however, has just begun. Whether that's going to take three, four or five years is not in my power to say. Of course, many of the state's individual companies are much further along in this process. They went through their "shakedown phase" a year or two ago, and have reorganized, reoriented and repositioned. Many of them, quite a bit leaner and more aggressive, are recording gains in turnover, profits and exports.

Baden-Württemberg has been a leading advocate of regional-level ties, especially those within Europe. The European Union is not especially popular at the moment. Do you see these ties as an effective, alternative way of promoting European unity?

Very few of Germany's achievements — economic growth, reunification — over the last five decades would have been possible without the EU and its predecessors. Some 70 percent of Baden-Württemberg's trade is with Europe's countries. So European unity is not a distant goal for us, it's been a daily, highly appreciated fact of life for a long time. Our four decades of "being European" have shown us one important thing: greater unity shouldn't be equated



Erwin Teufel, prime minister of Baden-Württemberg.

with greater centralism. Nor does this unity have to be prescribed from above. Put simply, this means that there are responsibilities that can only be handled in Brussels, and just as many things best assigned to the local, regional or national levels. Because these lower-level, community-to-community, region-to-region interactions have generally been highly productive, they have built a groundswell of sentiment for Europe, for unity. One of these lower-level responsibilities is education in all its forms, operating systems of primary, post-secondary and professional education. There has been a highly fruitful exchange of experience, ideas and personnel with Rhône-Alpes, Catalonia, Wales, Saxony and our other partner regions, an exchange now being put to use in our outreach to Eastern Europe.

UNIVERSITY TOWNS FOCUS ON INNOVATION

Through a major program of investment in research facilities and technology transfer, Baden-Württemberg's nine historic university towns — intellectual centers dating back to the Middle Ages — have been transformed into centers of innovation.

The past is what millions of tourists discover each year in Heidelberg, Tübingen, Freiburg and Baden-Württemberg's six other university towns. They come to see the towers in which the Student Prince reigned, the tower in which Hölderlin waxed lyric, the streets that Hegel, Hesse and Schiller walked.

Each year, these same cities welcome other kinds of visitors. Research fellows and venture capitalists come by the thousands, and their destinations are often not the historic city centers, but the tracts of anonymous-looking low-rise buildings in the surrounding areas.

These areas represent the present in Baden-Württemberg's university towns. They house university research departments, the public-sector Fraunhofer and Steinbecker institutes, other applied and large-scale research centers, corporate research departments and the independent technology factories of dozens of budding companies.

In these buildings, budding Keplers, Geigers and Oppenheims have developed nanotechnologies, micro-sensors, fractally

organized production centers and other products and systems promising to revolutionize the world and our relationship with it.

This transmutation of university town to "universal center" is an important part of Baden-Württemberg's

The idea behind this clustering is generally and inaccurately called "technology transfer." A more appropriate term, according to Dieter Spöri, the state's minister of economic affairs, would be "interactive development."

world markets." Ulm is a leading example of this interactive development. Its 600-year-old core centers on its majestic cathedral and is encased by fortified walls. Its university is a bit younger, having been founded in 1967.

Over the last two and a half decades, "Science City" has grown around and amid the university. This is a cluster of interactive development institutes: centers of laser-based medical technologies, applied knowledge processing, solar and hydrogen-based energy sources and 11 Steinbecker Foundation agencies.

Science City has had a new resident since October 1992. Joining a range of other private-sector research centers, Daimler-Benz's 270 million Deutsche mark (\$156 million) facility employs a staff of 1,000, developing products and technologies in microelectronics, production and environmental engineering.

Lahr, in the upper Rhine Valley, has been home to 200,000 Canadian soldiers and civilians stationed at its NATO air base over the last three and half decades. By the end of 1994, the Canadian military community will be gone, but the airfield and its related facilities will be converted into a center of air-based logistic and other professional services. The 600-hectare site is to provide the rapidly growing Upper Rhine area with a "business link" to world markets.



Tübingen is one of Germany's oldest and most famous university centers.

approach to business development. Over the last few decades, the state has clustered its 200 research facilities in its centers of innovation. In addition to the university towns, these have included such manufacturing communities as Villingen-Schwenningen, Schwäbisch Gmünd, Sigmaringen and Reutlingen.

"We've taken stock of our communities' individual areas of strengths, and then provided them with the requisite complement of research and business development capabilities," says the minister. "After that, it's up to the communities' constituent elements to work together to develop viable products and services for

'European unity is a fact of life'

pleted. Our "Economy 2000" commission has just come out with a highly detailed report analyzing in great depth what's been accomplished and what needs to be done in this state and who's going to do it — the state's companies and communities, the

THE ART OF THIS STATE IS COMMUNICATIONS

Within 10 years, the "photonic era" will be upon us, according to John Mayo, president of AT&T Bell Laboratories. Instead of electrons, photons will process and relay vast volumes of information and signals in and between computers and communications systems.

If Baden-Württemberg's scientists have their way, that era will come even sooner. Building on their successes with ultra-high-speed, high-capacity transistors, the scientists have come up with OEICs (opto-electronic integrated circuits), the successor of today's microprocessors. OEICs will form

the building blocks of tomorrow's "communication highways." A large-scale test track for these highways, called OPAL 5, has been in operation in the Stuttgart area since 1992.

This brand-new information transport technology will soon be put to work carrying some heavy cargo. The state's advances in sensorics are multiplying the amount and range of data to be relayed.

In 1991, 22.3 billion Deutsche marks (\$12.8 billion) was spent worldwide on sensors — the "five senses" of the technological world. According to a survey conducted

by Basel's Prognos market-research company, that figure will double by 2000, for a very simple reason. Distances and tolerances are now measured in nanometers, time in nanoseconds, dangers in parts per nanobillion, and information from these ongoing measurements in gigabytes. There is a surging demand for sensors capable of perceiving these ultra-minimal changes in concentrations of pollutants, in magnetic attraction and in surface characteristics, and then relaying this information on-line to computer-based monitoring networks. At latest count, there are 13,439

different kinds of sensors, many now featuring such esoteric operating materials as algae (biocensors) and ceramics (for uses in 1000-degree-plus environments). Baden-Württemberg's research labs and medium-sized companies are centers of sensoric development. Their sensors not only gather data, they also use advanced communication technologies to feed it into operating systems. The state's success in designing tailor-made sensor packages has given rise to ASIS, or "application specific integrated system," replacing the current ASIC (application specific integrated circuit).

PINPOINTING AREAS OF GROWTH

Dieter Spöri has been Baden-Württemberg's minister of economic affairs and deputy prime minister since June 1992. After earning a doctorate in economics, he worked in a variety of corporate and institutional economic think tanks and taught at the University of Stuttgart. In 1976, he was elected to the Bundestag, serving there until 1988. Mr. Spöri is also chairman of Germany's Conference of Economic Ministers.

You've pinpointed "intelligent services" as a key area of future economic growth in Baden-Württemberg. Is there an ongoing move into such services in the state?

The service sector is growing in this state, as it is everywhere else in the world. On a percent basis, Baden-Württemberg's service sector is still relatively small, to be expected from a state with our strength in manufacturing. Actually, should one count the service subsidiaries and activities of such major manufacturers as Daimler-Benz, IBM or Bosch, you'd probably come up with a much higher figure. Certain types of services do much more than create jobs or raise the GDP. Production-oriented, communication and media services cause increases in operating output and allow companies to create new generations of products. That's why these catalysts for change are a main focus of our business development activities, of our model regions, data com-

munications highways, media factories and other projects and incentive programs. In any case, I believe it's counterproductive to base business development policy on a false distinction between the secondary and tertiary sectors, on what has become a statistical convention. Take a look at this state's breakthrough sectors — mass transport and traffic

general description of the sector, definitely not. Engineers, inventors, tinkers — whatever you want to call them — transformed this state from Europe's poorest into one of its most productive regions. That contribution shouldn't be overlooked. In the recent past, the engineers may have gone too far, producing masterpieces better than what their markets needed or wanted. Our challenge is to maintain this technological lead — a vital advantage in the world's highly competitive markets — while tailoring individual products to meet purchaser needs. In my contacts with state companies, I've noticed an encouraging trend. Corporate sales and marketing executives now have a greater amount of input into initial product design. If you look at the newest products from our state's companies, I think you'll notice the change. These products have been "market-sized."



Dieter Spöri, minister of economic affairs.

In one key way, the state's "tinkers" have, however, already done their job. First they took us from making clocks and watches to machines and chips and automobiles. Now their innovations are taking us into such high-growth areas as environmental engineering.

The state produces 24 percent of Germany's "intelligent" environmental products. Some 800,000 jobs will be created in Germany's environmental technology sector by the end of the decade; 300,000 of those in Baden-Württemberg.

On a product-by-product basis, in some cases, as a

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FINANCIAL COMMUNITY'S BASE

Continued from page 13

through a working agreement with Standard Chartered Bank.

"Collectively, our customers generate volumes of capital and currency adequate to make the state one of Europe's major financial centers," says Mr. Schmidt. "A center, however, that is spread out over some 36,000 square kilometers. Through our 91 member financial institutions, Albstadt, Gengenbach, Ditzingen and the rest of the state's communities are interlinked with the world's financial markets and have on-line access to all its instrumentalities and services."

In one key regard, the paths of the state's business and financial communities

have recently diverged. Wrestling with a worldwide recession and resulting falls in trade-led demand, the state's industrial companies are now putting a year and a half of recession behind them.

For the state's financial sector, on the other hand, the last few years have been a time of steady expansion. According to official sources, the total volume of loans made by the state's banks to companies, consumers and communities rose from 313 billion DM in 1989 to 432 billion DM at the end of September 1993, with incoming funds — principally deposits — volume of stocks and securities transactions showing even more dramatic increases.

SüdwestLB did better than that. Capping years of



Werner Schmidt, Minister of Finance.

steady advances, its results for the first half of 1993 showed a 20 percent rise in total balance sheet sum to 135 billion DM, and a 22 percent increase in profits from ordinary activities.

Informations STUTTGART

Marketing GmbH

A World of Sights To Be Seen - And Experienced

Stuttgart's setting is truly one of Europe's great sights: seven hills surrounded by a magnificent, forested green belt. Vineyards drape the hills' slopes and extend all the way into the city's central business area. This mixture of the cosmopolitan and countryside — plus an especially mild climate — is characteristic of the lifestyle in Stuttgart, capital of Germany's third-largest state.

Sites to be seen such masterpieces of modern architecture as Stuttgart's Neue Staatsgalerie für moderne Kunst, which houses one of Europe's largest collections of Picasso, and the Wilhelmsplatz residential complex, with structures from Mess van der Rohe and Le Corbusier, from Walter Gropius and other major Bauhaus architects. Masterpieces of modern technology are to be found in the Porsche and Mercedes-Benz museums. The "Wilhelma" features architecture and masterpieces of a different sort. Its ambience is home to Germany's only joint botanical gardens and zoo. Masters of the performing arts are the dancers of the Stuttgarter Ballet, one of the world's greatest troupes.

Events to be enjoyed: Stuttgart turns itself into a "Weindorf" (wine village) at the end of August, providing vast quantities of both wine and high spirits. Cannstatt's Volksfest (the second-largest bear festival in the world) offers fun for the whole family and will be held from September 25th to October 10th this year. In December, it's time for Europe's largest (and most beautiful) Christmas market, which occupies all of Stuttgart's downtown area, and for the German premiere of "Miss Saigon," the international hit musical.

A prime site for sporting events: In 1983, all of Stuttgart thronged to attend the world championships of track and field. In 1994, the city will host the Eurocard Tennis Open in mid-February, the Württemberg tennis tournament in July, the international track and field meet at the end of August and the International equestrian tournament in October.

A place to relax and reconnoiter: nineteen springs are located within the city's limits, giving the city and its numerous spas Europe's largest supply of mineral water. Located within a short trip from Stuttgart are such attractions as Heidelberg, Baden-Baden, the Black Forest and Lake Constance.

A city to get to know: write, fax or call us, and we'll give you information on group and individual tours, special corporate rates, hotels and restaurants, ticket reservations and anything else you wish to know about Stuttgart.

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Wirtschafts-Region BRUCHSAL

ADVERTISING SECTION

GERMANY: BADEN-WÜRTTEMBERG

ENVIRONMENT: NURTURING NATURE ON THE SHORES OF LAKE CONSTANCE

Lake Constance, or the Bodensee, is one of Europe's most beautiful and widely visited natural attractions. It is also Germany's largest lake and the Continent's largest reservoir of potable water, supplying 5 million people.

Keeping the lake natural, despite a growing influx of tourists, year-round residents, agricultural and industrial users, is the job of Baden-Württemberg's environmental engineering sector. Working with the

flowers." It is an attractive spot, as 7 million tourists discover every year. About half of them descend upon Konstanz, Oberlingen, Friedrichshafen and other communities on the lake's northern shore. Meersburg, a village of 5,500 inhabitants, records more than 250,000 overnight stays a year.

Many visitors come for the natural attractions, but stay for the economic ones. One of Germany's fastest-growing regions, the Bodensee's north shore is now home to more than 1 million people, giving it a population density 50 percent higher than that of the Stuttgart region. The inhabitants work for a mix of medical technology, aircraft, apparel and board-game companies as well as in the region's flourishing food-processing sector. The north shore's hinterland is one of Germany's major sources of fruit, dairy products, hops and wine.

All too often, popularity and prosperity herald environmental pressure and the end of picture-postcard good looks. Although it has been neither easy or inexpensive, the Bodensee has tried to prove an exception to this rule.

In fact, the Bodensee's environment has been improving. Over the last 15 years, the amount of phosphates and

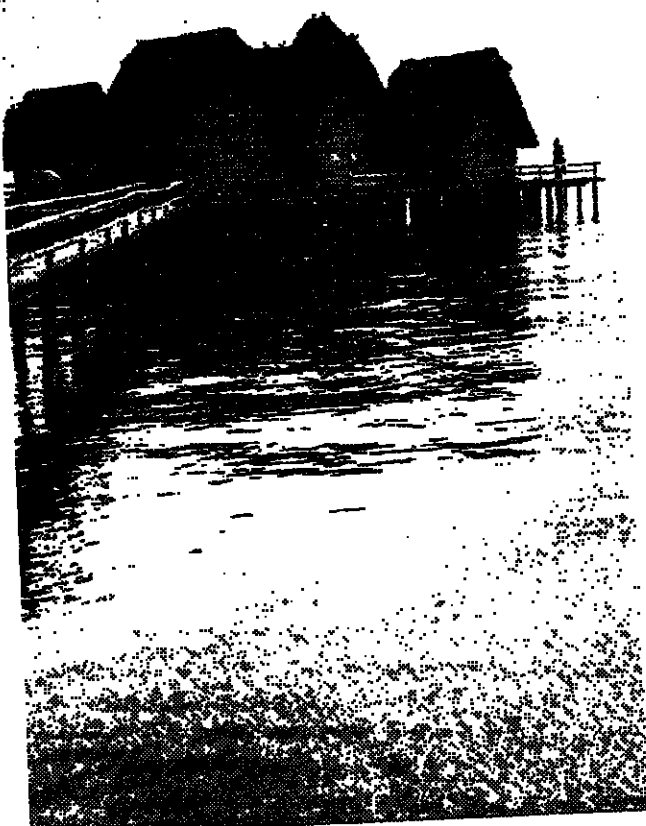
other pollutants in its waters has been reduced by between 50 percent and 75 percent, giving the lake a water rating of "very good." Some 18 kilometers of shoreline have been returned to nature, and traffic-generated noise and emissions sharply decreased.

This improvement is the result of the tri-country "Bodensee Area Environmental Program," consisting of 27 individual projects involving everything from better treatment methods for manure-based farm runoff to planting protective belts of wetland reeds.

Pollution-resistant ground cover, traffic-reducing train schedules and training programs for hotel staff members on waste-reduction methods are some of its other features.

The price tag: some 5.5 billion Deutsche marks (\$3.17 billion) in sewage and water-treatment facilities alone. A good portion of this money, of course, has returned to Baden-Württemberg.

The state's engineering sector, with its 1,000 companies and 100,000 employees, has provided everything from gas-fired electricity generating stations to the sensors implanted in the lake bottom.



Houses built on stilts on the shore of Lake Constance, a favorite tourist destination.

'HIDDEN CHAMPIONS' HAVE HIGH IMPACT

Baden-Württemberg has so many small, low-visibility, market-dominating companies that analysts have come up with a generic term for them: "hidden champions."

Like most of the state's 340,000 small and medium-sized companies, the names of these several hundred companies, all with annual turnovers of 500 million Deutsche marks (\$289 million) or less, are by no means household words. Their products, however, are a common part of everyday life.

If a skating rink, train station or office-building entryway happens to feature an exceptionally wide span of steel girders and struts, chances are it came from Stahlbauwerk Müller Offenburg (SMO) GmbH & Co. KG. Its number-one area of business is gas stations — "nearly all of those in southern Germany and

most of those in Eastern Germany," according to the Süddeutsche Zeitung. SMO, founded in 1842, recently recorded an 18 percent rise in annual sales.

To unwrap a consumer or pharmaceutical product is to encounter the work of Gerhard Schubert GmbH's machines. Using state-of-the-art CNC (computer numerically controlled) technologies, this

Crailsheim-based company's systems package and wrap products. Its success in selling its systems to such corporate giants as Johnson & Johnson, Bahlens and Jacobs Suchard has given the company a 10 percent rate of profitability and a 15 percent rise in annual sales.

New from the company is the "picker." This highly maneuverable assembly-line robot can grasp and transport up to 250 items — cookies, for instance — a minute.

TOP DESIGN FIRMS SERVE THE GLOBE

In another state the news might have created more of a stir: frogdesign, located in Altensteig, on the eastern flank of the Black Forest, was named "Germany's design team of the year" for 1993.

The news coincided with another coup: frogdesign was also selected to design a corporate package and an "informator" (an ultra-small "bathtub television") for RTL, Germany's most successful broadcaster.

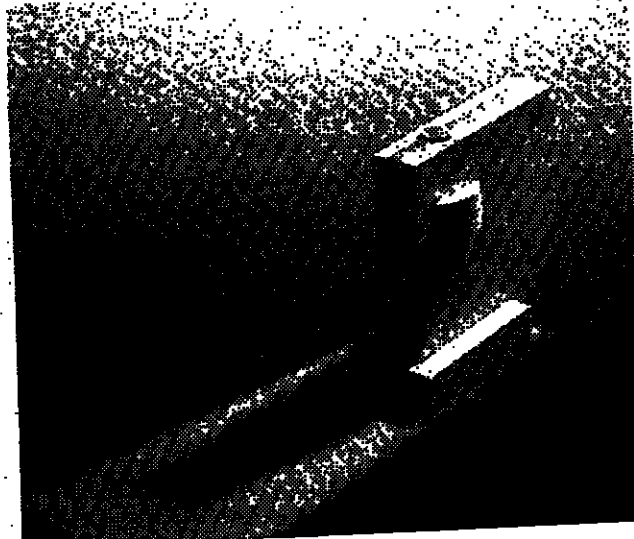
But for a number of reasons, the official community, design trade reporters and the general public treated these events as a matter of course. Frogdesign has made a habit of winning awards — 300, according to the company's latest count

— and contracts. Its list of clients includes Toyota, Panasonic, Yamaha, Apple, Eastman Kodak and Hewlett-Packard.

The truth is that successful designers have become a staple of Baden-Württemberg. Slangy Design and Moll Design had preceded frogdesign to the winner's circle in recent years. According to a recent estimate by a Munich-based industrial designer, "Fully half of Germany's international designers are based in Baden-Württemberg."

These companies have built up a stable of international clients: Sony's new line of radios and the new logo for Philips are just two examples of their work.

Nor do the state's design



Frogdesign's answering machine for AT&T, one of many international clients.

efforts go exclusively abroad — quite the opposite. Those who don't have an eye for a snazzy telecommunications console or an elegant satellite antenna may appreciate a few of Baden-Württemberg's other design masterpieces: Porsche and Mercedes-Benz sports cars, Vitra chairs and Boss suits.

HOME ON THE SCHWÄBISCHE ALB

There are a number of uplands in Central Europe. The most imposing and famous are, of course, the Alps and their individual ranges.

The Schwäbische Alb (literally, "Swabian Upland") extends 200 kilometers to the northeast from its larger Swiss namesakes. While the Alb's highest peak reaches 1,000 meters, its rise from the Danube and Neckar valleys is often gradual and wayward.

Its peaks do provide a number of highly visible prominences. Although only 850 meters high, the fortress of Hohenzollern dominates the landscape for miles around, a majestic reminder of its iron-willed, iron-nerved dynasty. In the 15th century, the Hohenzollerns took a very large gamble. They swapped their

family trove, acquired through centuries of penurious parsimony, for the rights to a half-civilized, half-waste "march" of land — the Mark Brandenburg — including its village capital: Berlin.

While Berlin and the rest of Germany have become highly urbanized, high-powered entities, the Alb has stayed much the way it was: an area of uncluttered landscapes and wonderful rib-sticking food. In English and in German, "down" teams up naturally with "home" and its various delights, as in "down-home cooking." For hundreds of thousands of campers, returning sons and daughters and other visitors, "up" — as in "up on the Schwäbische Alb" — is the way to go for an old-fashioned kind of rural home.



The Schwäbische Alb has retained much of its historic wilderness.

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Just get in touch with us at our head offices: SüdwestLB, Lautenschlagerstrasse 2, 70173 Stuttgart, Germany, and SüdwestLB, Augustaanlage 33, 68165 Mannheim, Germany. Or give us a call either in Stuttgart (+49) (711) 127-0 or in Mannheim (+49) (621) 4 28-0.

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	OldCoat	7.14	4.02

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SP 100 FI	15.52	+11	Balance p	12.52	+12	TyExB1	18.56	+11	Vista n	10

100-100000

mgGr	24.59	+1.1	LidVbd np	10.72	+0.7	Phnll p	8.58	+0.3	Cornst n	23
govt	11.45	+0.5	StdGv np	10.07	+0.1	SoGenOseq	17.30	+1.5	GNMA	10
growth	30.65	+0.3	ImMAn p	10.92	+0.7	SoGemin	22.55	+1.3	Gold n	9

[illegible]

PHONE n10.41	+04	MIDCG p 12.00	+14	Introlnc 10.03	+03	NYBD n 11	
FinMu p11.39	+04	PA Mun rp11.03	+04	InvGld 10.01	+04	SHITBnd n10	
Inv Comp		SmCap pn14.66	+19	Ltd In 10.46	+02	TXET n 13	
Inv Cont		StkCap 14.66					

[illegible]

ACHA	13.87	+11	Growth n	13.12	+13	US Gov'n	11.25	+83	Asia	11.00
ACHS	13.48	+10	Int'l	16.04	+40	VolStk	10.34	+84	EmpAmr	10.00
GA F	9.66	-	TotFrse n	10.14	+83	SoundSh n	17.00	+11	Equity	20.00

06-07-2008

Moda p	14.23	+ .09	INGST	10.99	+ .84	SoftCash	9.72	+ .01	Modin	9.72	+ .01
RASA	1.88	-	INGBlip	10.60	+ .05	Stagewatch Funds			NY TE	8.4	
WNA	18.88	+ .26	INGBlip	11.09	+ .06	Stagewatch Funds			Stagewatch Funds		

DEPARTMENT OF THE ARMY

ANJA p	13.30	-	SAFETY PAPER	12.56	+10	GNMA	11.25	+32	INBD	10.1
LAHA	11.45	+03	CATF n	12.56	+10	GILINC	15.23	+08	LANGOVA	110
PCGA	16.60	-03	EQURHY	13.01	+25	USGOV	15.98	+14	VINOM	14.1

RESEARCH DESIGN

USGov't	14.06	+ .09	USGov't	9.95	+ .03	INTLFIN	24.41	+ .04	GrSec	5.50
S&P	12.26	+ .06	S&PGrp	17.54	+ .70	MATBOND	21.46	+ .13	H&M	4.20
SHA	12.32	+ .05	S&PGrp	17.54	+ .70	Secur	20.52	+ .57	H&M	4.20

1990

[illegible][illegible]

1. *Journal of the American Medical Association*, 2000; 283: 2686-2692.

1

MONDAY SPORTS

SCOREBOARD

NBA Standings

EASTERN CONFERENCE			
Team	W	L	Pct
New York	21	11	.656
Orlando	20	12	.625
Atlanta	19	13	.594
Charlotte	18	14	.563
Washington	17	15	.529
Philadelphia	16	16	.500
Indiana	15	17	.469
Chicago	14	18	.438
Detroit	13	19	.406

WESTERN CONFERENCE			
Team	W	L	Pct
Portland	21	11	.656
San Antonio	20	12	.625
Utah	19	13	.594
Denver	18	14	.563
Phoenix	17	15	.529
Los Angeles	16	16	.500
Golden State	15	17	.469
Seattle	14	18	.438
Sacramento	13	19	.406

Major College Scores

Team	Score
Alabama	34-14
Georgia	31-14
Florida	28-14
South Carolina	24-14
North Carolina	21-14
Virginia	18-14
West Virginia	15-14
Ohio State	12-14
Michigan	9-14
Illinois	6-14
Nebraska	3-14
Kansas	0-14

Friday's Results

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Georgia	31-14
Florida	28-14
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SIDELINES

Els Wins With Dubai Course Record

DUBAI, United Arab Emirates (AP) — South African Ernie Els won the Dubai Desert Classic golf tournament Sunday by six strokes, carding a final round 1-under-par 71 for a four-round total of 268 that beat by three strokes the 1990 course record of 64 set by Ireland's Eamonn Darcy.

Greg Norman of Australia, the pre-tournament favorite finished second, with five birdies on the back nine for a round of 69.

Andrew Magee, winner of the previous week's Tucson Open, Rick Fehr and Dan Forsman were tied for the lead going into Sunday's final round of the Phoenix Open.

NFL to Consider Changes to Game

ATLANTA (AP) — With the National Football League's labor problems settled, expansion over for now and a record TV contract signed, Commissioner Paul Tagliabue has said the league will begin to "focus on the game itself," including the possibility of "de-emphasizing field goals and emphasizing touchdowns."

Tagliabue said the NFL's competition committee soon would consider the possibility of a two-point conversion following touchdowns, which would conform with college rules.

He said the committee would also seriously consider moving the line of scrimmage back a yard for the defense "because the proximity to the quarterback is enhancing blitzing defenses."

Orioles Get New Relief in Lee Smith

BALTIMORE (AP) — The Baltimore Orioles signed free agent Lee Smith, 36, major league baseball's all-time saves leader with 401, to a one-year contract paying \$1.5 million, a move that virtually guarantees that Greg Olson, the team's all-time saves leader, will not return for the 1994 season.

Pitcher Juan Guzman agreed earlier to a \$3.8 million, two-year contract with the Toronto Blue Jays, although he wouldn't have been eligible for arbitration until next winter. Dave Henderson and the Kansas City Royals agreed to a one-year contract worth about \$1 million, conditioned on him passing a physical exam.

Los Angeles pitchers Kevin Gross and Ramon Martinez, Detroit catcher Chad Kreuter, Montreal pitcher Chris Nabholz and Boston pitcher Jose Melendez agreed to arbitration settlements.

For the Record

Cammy Myler stunned Europe's top huggers Sunday in Alpbach, Germany, as she became the first American woman to win a World Cup competition; she did so in the tour's season finale before the Lillehammer Olympics.

Stacy Becker, after a meeting with Mark Miles, chief executive officer of the ATP Tour, said that December's remarks highly critical of drug testing on the men's tennis tour had been "out of context and misinterpreted."

Wagner Canazawa, the former refereeing director of the Rio de Janeiro soccer federation, has been banned for one year following the conclusion of the first of three investigations into the matter.

Rod Davis of Australia beat Thierry Puymerat of France, three races to two in the best-of-five final, to win his third Australia Cup racing regatta title in four years.

Quotable

"Hugh Buckingham, a member of the LSU Athletic Council, on why Shaquille O'Neal will never be in the school's hall of fame: 'He not only didn't get a degree,' which is mandatory, 'he left in the middle of the semester after his last season. It makes our rhetoric about educating athletes look like a sham.'"

World Cup Skiing

Men's Downhill

Results of the men's downhill race with a start of 11:30 a.m. (EST) in the Chamonix, France, 1994 World Cup. The race was won by the American, Bode Miller, in 1:58.85, followed by the Canadian, Steven Nouri, in 1:59.05, and the French, Jean-Luc Crétier, in 1:59.25.

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World Cup Skiing

Men's Downhill

MONDAY SPORTS



Rescue workers could do little to save Ulrike Maier, who was pronounced dead after being airlifted to a hospital from the downhill course at Garmisch-Partenkirchen.

MAIER: Austrian Star's Death in Race Leads to Controversy Over Safety

Continued from Page 1

citiation and heart massage before Maier was flown by helicopter 25 kilometers to a hospital in Murnau, near Munich.

"She had no chance," said Ginter Hofmann, a co-director of the hospital. "Her neck was broken, the main artery was ripped, and no surgery was possible."

Doctors said the main injury had occurred when her helmet flew off.

Maier, who was fourth in the World Cup overall standings and one of her country's best hopes at the Olympics next month, won the 1989 world Super-G title while three months pregnant with Melanie.

She took time off from World Cup circuit to care for her daughter and to allow a knee injury to heal, then returned to successfully defend her title at the 1991 championships in Sapporo, Japan.

Herwig Demtsch, the Austrian women's team chief, said Maier had not been nervous before the start of the race.

"In fact she was highly motivated and eager to race," he said.

Michelle Ruthven of Canada, who finished third in the downhill, knew Maier and said that her death "really upsets me."

But, she added: "There is enough netting and safety run outs. She had a freaky fall. You can't really blame anybody."

Some coaches and skiers criticized the icy conditions on the course, however, and felt it was too dangerous.

"A lot of coaches felt that way," said the Canadian coach, Don Lyon.

The U.S. racer, Krista Schmidinger, said the track "was like sheer ice, like trying to survive your way down."

"The conditions on the hill were poor," she said. "It was a really inconsistent track, a sheet of ice in some sections and soft in others."

An overnight snow storm dumped a layer of fresh snow on the track and the race was delayed an hour while officials prepared the course.

The tragedy was one of several to hit Austrian skiing in recent years.

In 1992, Peter Wirsberger died after hitting a wooden fence while on a ski outing with a girlfriend. The previous year, Gernot Reinbacher died after a crash in downhill training, and the world giant slalom champion, Rudi Nierlich, and the women's team coach, Alois Kahr, were killed in car crashes.

Maier's death is the 23rd among leading skiers since World War II. Twelve have been killed during racing or training, but Maier is only the third woman to die.

Skiing Deaths Since 1959

1959 Toni Mark (Austria), John Semmelrock (Canada)
1964 Ross Milne (Austria), Walter Muesner (Italy)
1968 Silvio Suter (Switzerland)
1970 Michel Besson (France)
1972 David Newell (U.S.)
1973 Michel Dubon (France), Markku Vuopala (Finland)
1989 Leonardo David (Italy) (died of injuries sustained in 1988)
1991 Gernot Reinbacher (Austria) (died of injuries sustained in 1990)
1992 Peter Wirsberger (Austria) (died of injuries sustained in 1991)
1993 Karin Thoren (Sweden)
1994 Ulrike Maier (Austria)



Maier at a 1993 race with daughter Melanie, who was born in 1989.

Tomba, Pains and All, Gets 3d Slalom Victory

The Associated Press

CHAMONIX, France — Alberto Tomba, the loser five days earlier to a squash court wall, won Sunday's men's World Cup slalom race despite his aching shoulder.

The stocky Italian took the lead with his first run and held onto it with a final time of 2 minutes, 1.37 seconds.

Tomas Fogdöe of Sweden was second in 2:02.34. Jure Kosir of Slovenia and Thomas Sykora of Austria tied for third at 2:02.78.

"I had a large pain in my shoulder last night," Tomba said. "I only decided this morning to run. I couldn't warm up properly, and took an injection for the pain."

He is the only Alpine skier to win consecutive Olympic gold medals in the same event, the giant slalom titles in 1988 and 1992, and he won the slalom gold medal in 1988.

He has not won a giant slalom since then but moved into the overall lead in the slalom standings with 440 points off three slalom victories, plus a second and a third in the seven races this season.

Thomas Stangassinger of Austria, the slalom leader before the race, dropped to second. He was just 15th after the first run.

News of the death of Austrian Ulrike Maier in Garmisch-Partenkirchen, Germany, had reached Chamonix early Saturday evening.

Fifth was Finn Christian Jagge of Norway with surprising Frenchman Sebastian Amiez sixth. Amiez had the best time in the second run, 1:01.44 to Tomba's 1:01.95.

But the Italian was the only skier under a minute in the first run, 59.42 while Amiez, starting in the 36th slot, was 14th in 1:01.77.

After the first run, Tomba bent over in pain. After the second run he just rubbed his shoulder.

"There was some pain at the beginning of the first run when I pushed too hard and at the third gate I even shouted," he said. "That's why you saw me bend over after the first run. On the second run it was O.K."

Kjetil André Aamodt added to his overall lead by winning the combined race. He won Saturday's downhill and was 21st in the slalom race. The times are added together for the combined event.

Five-time overall champion Marc Girardelli of Luxembourg, in second place, hooked a gate and fell during the first run.

The men's next race, a downhill, is scheduled to be run in Garmisch-Partenkirchen next Saturday. However, the course was closed Sunday as an investigation was conducted into Maier's death, and a decision on the men's race was expected to be made by midweek.

Aamodt got his first World Cup downhill victory Saturday in what he hoped was a good omen for next month's Olympics in his home country.

He was timed in 1:58.35 seconds, with Jean-Luc Cretier of France second in 1:58.69 and Hannes Trinkl of Austria third in 1:58.87.

"To win a downhill was a goal for me," Aamodt said. "I knew I could win a downhill since my fifth place in Kvitjell last year. I understood I had the possibility to win a downhill race. Last week I was just six-hundredths behind the winner in Wengen."

Kvitjell, Norway, will be the site of the downhill race at the Winter Olympics, which begin Feb. 12.

Cretier, who came back from a fall at Wengen, said, "I was still having trouble walking four days ago. I still have some pain in my knee. You needed a lot of power on the last part of the course where it was icy and hard."

• Toni Nieminen, 18, gold medalist in the individual high hill event and team jumping at the 1992 Olympics, has been named off Finland's team for the Lillehammer Games after a poor showing in the weekend's national championships, the news agency STT reported.

Italian Kostner, 18, Wins Marred Women's Downhill

The Associated Press

GARMISCH-PARTENKIRCHEN, Germany — Italian teenager Iselle Kostner got her first World Cup victory in the downhill race overshadowed by the crash that killed two-time world champion Ulrike Maier.

The race was interrupted for about 30 minutes while Maier was taken from the hill by helicopter. Most of the competitors did not know she had died.

The helicopter appeared to have blown some snow off the course, the temperature dropped and, when competition resumed, the icy course was much faster than it had been.

The top six finishers started after Maier's crash.

Kostner, 18, and in her first World Cup season, posted a time of 1 minute, 44.04 seconds to win on the 2,865-meter long course.

Melanie Suchet, a 17-year-old rookie Frenchwoman, finished second in 1:44.68, with Michelle Ruthven, a 26-year-old Canadian, placing third in 1:44.75.

TO OUR READERS IN ALBANIA

Hand delivery is now available. Just call (42) 23 502. Independent Albanian Economic Tribune.

Skater Linked Ex-Husband to Attack

Continued from Page 1

PORTLAND, Ore. — Tonya Harding's former husband, Jeff Gillooly, is in a plot to attack her, according to a statement by FBI agents Sunday.

Gillooly, who was charged with plotting the attack, said he was not involved in the attack, a Portland newspaper reported Sunday.

The Oregonian newspaper quoted Jeff Gillooly's brother, John, as saying his brother was "summed" that Harding had abandoned a "cover story" the couple had discussed.

It said Gillooly's attorney had tried for some time to convince him that Harding did not believe it until the FBI showed him a deposition that Harding made during a meeting with agents Jan. 18.

Gillooly was arrested Jan. 19 in connection with the Jan. 6 attack on Kerrigan in Detroit.

The Oregonian quoted Gillooly's attorney, Ron Hoevel, as saying the brother's version was accurate.

"Jeff would have fallen on his sword for Tonya, if Tonya had told him the truth, but she didn't," he quoted Hoevel as saying.

Gillooly persisted for some time in believing Harding was not implicated in the attack, but when authorities showed Gillooly her 46-page deposition, "that finally convinced Jeff that Tonya had implicated him."

Gillooly has negotiated a plea bargain with authorities under which he will testify that Harding was involved in the plot from the beginning, according to reports.

The reports, which have not been officially confirmed, say Gillooly will plead guilty to a charge of racketeering and be sentenced to two years in prison and a \$100,000 fine for his part in the plot.

Gillooly spent about two hours in the Multnomah County Court house in Portland on Saturday.

However, would not say if Gillooly was there to testify before the grand jury investigating the case, only after FBI agents showed him a statement by her linking him to the attack, a Portland newspaper reported Sunday.

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considering an alternate skater for the Games.

The Detroit investigators reportedly have information that Harding asked for the number of Kerrigan's hotel room before the attack and made several calls to Eckardt the day of the assault.

The Oregonian and the Detroit Free Press reported that Harding was given Kerrigan's room number by a clerk just hours before the attack. The Oregonian said the information was subsequently relayed by fax and phone to the assailant.

Kerrigan was not assaulted in the hotel but following a workout at an arena.

A Detroit television station reported that telephone records showed seven calls were made from the hotel on Portland the same day Eckardt was attacked — three in the early morning and four in the afternoon.

Meanwhile, the U.S. Figure Skating Association is strongly considering sending Michelle Kwan, 13, to the Games in Lillehammer, Norway, as an alternate.

Harding, 31, insists she is innocent, although she has acknowledged that she kept silent for days after learning that people close to her were involved in the attack.

Meanwhile, investigators in Detroit reportedly looked at phone records damaging to Harding. And U.S. figure skating officials were

an unusual step. Kwan would be available if Harding was removed from the team at the last minute.

Kwan finished second in the U.S. championships, which Harding won. But Kerrigan, who was forced out of the championships by the attack, was named to the Olympic team along with Harding.

The Winter Games begin Feb. 12, but women's figure skating does not start until Feb. 23 and the roster can be changed until Feb. 21.

A Portland attorney is gathering information to be used by a special panel convened by the figure skating association as it considers whether there is probable cause to hold a hearing on Harding's membership in the association. Such a step is part of the process that could lead to her removal from the team.

"Our special counsel has proceeded very quickly and very effectively," said Bill Hybl, the former U.S. Olympic Committee president who heads the panel.

The committee may have a recommendation sooner than its self-imposed Feb. 10 deadline, he said.

"I don't think the panel feels any pressure," Hybl said. "What the panel does want to do is expedite the process so that a clearer picture for figure skating can be established."

Harding's attorney, Robert Weaver Jr., complained about the number of leaks from law enforcement officials regarding evidence in the case.

"I am very displeased by the amount of confidential investigative information that routinely appears in the media," he said. "I think it does not speak well for the system."

Sea Cove Wins the Prix d'Amerique

PARIS — Sea Cove, an 8-year-old driven by Jos Verbeeck, won the Prix d'Amerique, Europe's biggest trotting race, at Vincennes race course near Paris on Sunday.

The German horse, the 1992 and 1993 European Grand Circuit champion, came in ahead of the French favorite, Vourasie, and last year's winner, the Swedish entrant Queen L. American hopeful Giant Force was not in the top five.

Sea Cove earned half of the four million francs (\$675,000) prize money for the 18-horse field in the 2.7-kilometer race.

Queen L. had been the prohibitive 1-2 morning line favorite. She won the Prix de Belgique on Jan. 16 at Vincennes. (AFP/AP)

Chavez Loses First as Randall Gains WBC Title

The Associated Press

LAS VEGAS — Julio Cesar Chavez finally lost a bout, and this time it was official.

Frankie Randall knocked down Chavez in the 11th round Saturday and won the World Boxing Council super lightweight championship on a split decision. It was the first defeat in the illustrious career of Chavez, 31, although many thought he had lost to Pernell Whitaker on Sept. 10 in a fight judged a majority draw.

"Not this time," the promoter Don King said to Chavez just after the fight ended.

Judge Chuck Gimpala of Las Vegas scored it 116-111 and judge Angel Gamboa of Puerto Rico saw it 114-113, both for Randall, who got the victory on the strength of two penalty points assessed Chavez

by the referee, Richard Steele. Judge Abraham Chavarria of Mexico scored it 114-113 for Chavez.

"I'm out of here, I'm still the champ," Chavez snarled afterward, adding that he wanted a rematch.

The victory by Randall, a 15-1 underdog despite entering the fight with a 46-2-1 record with 39 knockouts, was the feature match of a championship tripleheader before an estimated crowd of 12,500 at the MGM Grand Hotel.

Felix Trinidad defended the International Boxing Federation welterweight title with a one-sided decision over fellow Puerto Rican Hector Camacho.

Simon Brown defended the WBC super welterweight title with a majority decision over Australian Troy Waters.

Chavez, of Mexico, complained

bitterly about the decision. "He never hurt me. How could he have won the fight?"

"Yes, I'm very shocked. The knockout surprised me but you can't judge a fight by one fall."

Low blow penalties cost Chavez the title, although Randall had to be given a great deal of the credit for the shocking upset.

He out-jabbed Chavez, scored well with counters and kept him off balance. Chavez is now 89-1-1 with 77 knockouts.

Barber Wins in Cardiff

Leezon Barber of the United States floored Nicky Piper of Wales with a left hook that led to a ninth-round knockout Saturday, allowing him to retain his World Boxing Association light heavyweight title for the fourth time. The

Associated Press reported from Cardiff, Wales.

Piper got up at the count of eight, but Barber powered forward and used a right hand to put the challenger down again. When Piper got up, the referee, Ismael Quinones-Falt, stopped the fight.

Piper, who lost a WBC super middleweight challenge to Nigel Benn of Britain 13 months ago, built up a lead with hard combinations in the early rounds and looked in control before the American delivered the big punches.

In Grand Forks, North Dakota, Virgil Hill was forced to pull out of his WBA light heavyweight title defense Saturday against Drake Thadzi of Canada because of a viral illness. The decision to pull out was not announced until 35 minutes before the fight was to begin.

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Ivan Lendl
Wally Masur
Wayne Ferreira
Mark Woodforde
Pat Cash
Fabrice Santoro
Marc Goellner
Javier Sanchez
Andre Cherkasov
Emilio Sanchez
Jason Stoltenberg
Darren Cahill
Marcos Ondruska
Henrik Holm
Greg Rusedski
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Culture: America's Powerhouse Export

By John Rockwell
New York Times Service

PARIS — Spielbergian dinosaurs devouring entire national film industries at a single gulp? Silver-haired villains and sly-eyed ingenues setting new soap-opera standards for political incorrectness as half the world watches? Teenagers from Bangkok to Beirut wearing Chicago Bulls caps backward and lamenting Michael Jordan's retirement? Smoke bombs and lasers and thrusting pelvises and outraged clerics and intellectuals from Paris to Tehran to Beijing denouncing Michael Jackson and Madonna?

As the millennium approaches — "Angels in America" is also big worldwide, but rather higher of brow — American popular culture has never been more dominant internationally, nor more controversial. U.S. cultural exports swell at least some Americans with pride and help reduce the trade deficit. This is America's second-biggest export after aircraft.

But just as some Americans have doubts about this pop culture — its propensity to celebrate violence, sexual stereotyping and sheer lowest-common-denominator crassness — those doubts multiply abroad, especially when the imports are seen as a threat to local cultural identity.

A survey of American pop-cultural influence by New York Times correspondents around the world reveals many things, from the quick to the amusing to the troubling. But the results also raise larger questions: Is America's dominance due to intrinsic strengths of its culture — its sheer flair and energy, its incarnation of democracy itself as marketable entertainment, its forging of a new international language? Or, as foreign critics lament, is it merely a function of America's military and economic domination? Or capitalism run amok, a "pure monopoly in the worst sense," as Jacques Toubon, the French minister of culture, put it in the recent debate over world trade barriers?

Statistically, America's impact is overwhelming. Of the world's 100 most-attended films last year, 88 were American. Variety reports: "The highest-ranked competitor, France's 'Les Visiteurs,' was No. 27. That's not even counting pop music, television, novels and the more nebulous, all-pervasive imagery of American street fashion.

But such dominance can breed insensitivity to other cultures' fears that their traditional values may be lost. Indeed, the insistence at the trade talks by Jack Valenti, president of the Motion Picture Association of America, and by Mickey Kantor, the American trade representative and Hollywood lawyer, that such fears were simply a smokescreen for protectionism may have pushed the rest of Europe into siding with the French to erect still more barriers to American films and music.

Elite culture has nearly always been protected, even in the United States, and to eliminate that would be to fulfill Tocqueville's worst fears that a culture's excellence can be leveled by the common taste.

Few could deny that some of America's success is due simply to aggressive marketing. The popularity of a seven-year-old minor soap like "The Bold and the Beautiful" in countries like Lebanon, Egypt and India is a case in point. For Americans abroad, a troubling aspect of its popular culture is that so much of it, especially in East European and Third World countries, is inferior. Instead of its best films and television — best here meaning "Roseanne," not "FBS" — foreigners get second-best shows like "The Bold and the Beautiful" and "Baywatch" marketed on the cheap. For executives in search of a deal, and audiences eager for any glimpse of American opulence, it may not matter much. But



in the not-too-much-longer run, it tarnishes America's national image.

Rampant piracy — the illegal copying of films, television programs and albums — contributes to this debasement of America's best popular culture. Companies lose royalties and foreign buyers may get grainer images or muddier sound. But whether Clint Eastwood and Janet Jackson get their cut, their Americanizing influence still spreads from bazars in Nairobi to stalls in Guangzhou.

In decades past, America's chief cultural exports were debonair crooners and stalwart upholders of truth, justice and the American way. Today, a different America exports products that reflect a chilling propensity for cartoon-like, bone-crunching, eyeball-popping violence.

In the United States, pundits fret about children aping Beavis and Butt-head and about violence on the screen provoking violence in the streets. Abroad, those are worries, too. But for Americans, another worry should be that foreigners may take its films and its rap literally, as an exaggerated report on its state of affairs. In Brazil, the police justify atrocities by saying they've seen American judges lead mobs of nightriders on "Dark Justice."

American intellectuals complain that U.S. high culture is ignored in the face of this onslaught of action-heroes and indecent proposals. In fact, American high culture enjoys a pretty healthy reputation abroad. In Paris, for instance, it is hard to avoid American painters, architects, authors, dancers, composers and theater directors traipsing through town.

But popular culture remains America's signal cultural contribution to the world. Its dominance today is not all bad — commercially, morally or imaginatively. The picture of multicultural acceptance American films and television

purvey, for instance, may be more liberal wish-fulfillment than reality, but it still serves well a world riven by ethnic hatred.

Then again, maybe "Hollywood" is itself no longer all that American, and its success abroad may be a testimony to its cosmopolitanism. When America's supposedly national film industry boasts an Austrian named Schwarzenegger as its biggest star, a Belgian named Van Damme close behind in action films and a Chinese, Bruce Lee, as an honorable ancestor, when the French and the Japanese own studios or invest heavily in "American" films, when Hollywood gets half its profits from outside the United States, then just how parochially American is its entertainment industry, anyway?

It may be that the world is being inexorably transformed from old to new, from narrow to broad, from kayak to jet. Maybe Western suits worn by Saudi or African businessmen, maybe even the English language itself, are not so much emblems of American superiority as the simple acceptance by a developing world of a single international standard of discourse. On that model, periodic eruptions of religious and nationalist resentment are mere spray on the sweeping wave of history. On that same model, "Hollywood" and America itself may be mere metaphors than velocitators. They may represent not the monopolistic invasion by one country of all the others but the focal point of an international mass culture forming before our eyes. No wonder French intellectuals are afraid. What they see is not some alien invader but the inevitable consequences of their own revolution, the ones Tocqueville himself found so alluring and terrifying: liberty, equality and, even, maybe, fraternity.

A Rare Ripple of Automaticity

By William Safire

WASHINGTON — Nouns, irritated at being turned into verbs at the slightest hat-dropping, have sought vengeance by lashing out at innocent adjectives, forcing them into service as awkward nouns.

At the White House, the *Kopfrederer* (a German word for "mind benders," a variant of *spinebusters*) called in the usual suspects before President Clinton's recent trip to Europe and Russia. Over lunch in what is now called the Family Dining Room, the biggest of the Opinion Mafia were permitted to ask very heavy questions about global conceptual frameworks.

Most memorably leaden question was posed by Michael Kramer of Time magazine, following in the former columnist Strobe Talbott's ever-ascending footsteps, about the policy-wonk President's proposed "Partnership for Peace." Kramer introduced his question with "Mr. President, on the security front, you know the Central European objection — the flaw of the partnership — is the lack of automaticity at the end."

Automaticity rippled through the group like butter through a hot knife. The national security adviser — cunning, devious Tony Lake (who has asked that we use those adjectives before his name) — snapped back into focus as we looked at one another with a wild surmise: Was this word the long-awaited replacement for *neo-containmentment*, or what? What kind of -icity is automaticity?

I could hardly wait to get back to the Oxford English Dictionary in my office. There was one 1870s citation, from a book on brain functions, about man (which was what humankind was once called) "in whom volition is predominant and automaticity plays only a subordinate part in motor activities."

For recent usage, I ran a Dialog computer search. There, in a 1975 *Knitting Times*, was a story needing an exhibition of machines with "greater pattern potential, higher knitting speeds, more automaticity and better production efficiency." In 1993, the medical journal *Chest* argued, "Saroid granulomas in the ventricular myocardium can readily become foci for abnormal automaticity." (What do they mean by ready?)

With a century-old history, and current usage in disparate publications, automaticity's legitimacy cannot be challenged. Still, it has the ring of rarity; specificity was the same way at first, but in the most recent hundred years we came to use that noun, derived from the adjective *specific*, whenever we want to use the nominative to nail something down. The noun form of *authentic* also remains popular; a commercial for *Classico pasta sauce* says, "Taste the difference authentic makes."

Other examples of adjective-to-noun transitions in vogue: "How come negativity?" Ed Turner of CNN writes, "One does not bear positivity."

For "the quality of being negative," I would use something like *negativity*, but that's because I'm a nattering nabob of negativism; on a TV commercial for the Psychic Friends Network, a phone-in service to summon spirits from the vasty deep, a network psychic named Chris says she talks to callers to "show them that they can create positivity in their life (sic)." And the -ity form of changing modifiers to things saved Albert Einstein from a theory of *relativity*.

You are wondering: What happened to -ness as the nominalizer or nominalizer? *Smooth* and *stuck* turned to nouns with *smoothness* and *stickiness*, not *smoothicity* or *stickicity*.

What word, then, should pundits use when they favor the entry into NATO of nations that follow agreed-upon procedures of defense alignment and democratic government? The metaphor of machinery — in which *automatic* is synonymous with *involuntary* — jams the gears of diplomacy, and unfamiliar *automaticity* squeals across the blackboards of our minds. We have other nouns: Assurance. Certainty. Guarantee.

"We were trying to think of what our bumper sticker would be," said the president at the luncheon, seeking to change the administration line from "less shock, more therapy," a formulation of a Strobe Talbott aide that had not played well.

"I think our slogan would be there needs to be more reform and more social service support," Clinton said, "more attempts to build a safety net to deal with the consequences of reform, but not an attempt to slow down the reform effort."

Some slogan. The longer he rolled on, the more eyes rolled heavenward, until he realized the band he'd gotten himself into. He interrupted himself to say, "No, no: 'more reform, more support.' I should have said when the bumper sticker stops."

Slogan is from the Scottish Gaelic *slagh*, "army," and *gairm*, "cry," which combined to form the word denoting the battle cry of the Scottish Highland clans. A battle cry, or slogan, should be short enough to fit on a bumper sticker. The president recovered with "That would be the newest rap on me: 'Clinton endorses wraparound bumper stickers.'"

"This was a wake-up call," Vice President Al Gore said of the unexpectedly strong showing of the ultra-nationalist Vladimir Zhirinovskiy in the Russian elections.

The metaphor went ting-a-ling on the night tables of cliché users around the world. *Warning* was passed; alert fell a-snoozing; even SOS, so exciting to the Titanic generation, was scorned. You couldn't write a Zhirinovskiy piece without the words *facist*, *irredentist*, *renegade* and *wake-up call*.

The earliest citation of this noun phrase in the OED Supplement is a 1976 use in a Paul Henleissart novel, "Winter Quarry." "He... left a wake-up call for eight A.M."

Let's graphically irregular, Hotel Guest Division, should be able to do better than that. Send pre-1976 print citations to Safire's Wake-Up Call, NYT Washington Bureau, 1627 Eye Street NW, Washington, D.C. 20006. I'll be downstairs in the Snooze Bar.

New York Times Service

INTERNATIONAL
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Appears on Page 4

WEATHER

Forecast for Tuesday through Thursday, as provided by Accu-Weather.

Europe	Today	High	Low	Temp	High	Low	Temp
Algeria	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Amsterdam	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Antwerp	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Athens	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Batavia	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Belgrade	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Bombay	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Buenos Aires	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Burgas	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Calcutta	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Cardiff	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Cebu	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Colon	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Dakar	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Dhaka	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Edinburgh	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Frankfurt	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Geneva	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Havana	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Helsinki	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Hong Kong	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Istanbul	17/22	9/16	14/27	9/16	14/27	9/16	14/27
London	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Los Angeles	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Madrid	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Mumbai	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Nairobi	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Paris	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Rangoon	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Rio de Janeiro	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Sao Paulo	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Seoul	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Shanghai	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Singapore	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Taipei	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Tokyo	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Yokohama	17/22	9/16	14/27	9/16	14/27	9/16	14/27



North America
Rain: cold weather Tuesday through Thursday in much of the United States and Canada. Snow possible in Detroit and Toronto late Wednesday into Thursday. Dry weather this week from Seattle to San Diego. Rain: cloudy in Mexico City Tuesday, then some sunshine Wednesday and Thursday.

Middle East	Today	High	Low	Temp	High	Low	Temp
Bombay	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Buenos Aires	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Calcutta	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Cardiff	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Cebu	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Colon	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Dakar	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Dhaka	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Edinburgh	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Frankfurt	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Geneva	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Havana	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Helsinki	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Hong Kong	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Istanbul	17/22	9/16	14/27	9/16	14/27	9/16	14/27
London	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Los Angeles	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Madrid	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Mumbai	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Nairobi	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Paris	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Rangoon	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Rio de Janeiro	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Sao Paulo	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Seoul	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Shanghai	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Singapore	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Taipei	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Tokyo	17/22	9/16	14/27	9/16	14/27	9/16	14/27
Yokohama	17/22	9/16	14/27	9/16	14/27	9/16	14/27

Asia	Today	High	Low	Temp	High	Low	Temp
Bombay	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Buenos Aires	3/57	10/61	11/11	3/57	10/61	11/11	3/57
Calcutta	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Cardiff	30/88	27/71	31/88	27/71	31/88	27/71	30/88
Cebu	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Colon	2/58	4/65	9/11	2/58	4/65	9/11	2/58
Dakar	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Dhaka	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Edinburgh	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Frankfurt	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Geneva	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Havana	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Helsinki	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Hong Kong	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Istanbul	33/91	27/71	16/27	33/91	27/71	16/27	33/91
London	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Los Angeles	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Madrid	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Mumbai	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Nairobi	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Paris	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Rangoon	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Rio de Janeiro	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Sao Paulo	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Seoul	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Shanghai	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Singapore	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Tokyo	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Yokohama	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Africa							
Algeria	19/61	25/71	8/24	17/52	15/52	8/24	17/52
Cairo	26/77	18/64	3/57	26/77	18/64	3/57	26/77
Conakry	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Harare	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Laos	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Limbe	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Nairobi	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Paris	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Tunis	19/61	25/71	8/24	17/52	15/52	8/24	17/52
North America							
Atlanta	2/58	5/64	3/24	1/54	7/20	3/24	1/54
Boston	7/24	-1/21	7/24	3/24	7/20	3/24	1/54
Butte	-4/25	-7/20	2	-4/25	10/11	2	-4/25
Chicago	7/20	-14/7	7/20	1/54	7/20	3/24	1/54
Denver	-5/25	-12/9	5/25	1/54	12/11	5/25	1/54
Detroit	7/20	-14/7	7/20	1/54	7/20	3/24	1/54
Honolulu	26/70	15/59	5	26/70	15/59	5	26/70
Los Angeles	7/24	4/29	8	7/24	13/31	8	7/24
Manila	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Medan	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Mexico City	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Montreal	11/13	-17/7	5	11/13	25/39	5	11/13
New York	27/70	21/71	16/27	27/70	21/71	16/27	27/70
Phoenix	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Rio de Janeiro	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Sao Paulo	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Seattle	9/15	-1/11	3	9/15	-1/11	3	9/15
Shanghai	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Singapore	33/91	27/71	16/27	33/91	27/71	16/27	33/91
Tokyo	33/91	27/71	16/27	33/91	27/71	16/27	33/91